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HOME NEWS

Steel job protesters give Mr Benn a mixed reception

By Martin Huckerby

Mr Wedgwood Benn, Secretary of State for Industry, was given a mixed reception by protesting steel workers in London yesterday when he told them he would do all he could to safeguard their interests.

More than a thousand steel workers, mainly from Scotland, had marched from Hyde Park Corner to the British Steel Corporation's headquarters in Grosvenor Place, Westminster, to protest about proposed closures and redundancies in the industry. Then they went to Central Hall, Westminster, where they gave Mr Benn an ovation when he came to the platform.

But when it became clear that he was offering no guarantee that every job would be protected, several dozen workers walked out of the hall. Others began shouting and heckling, and, although many stood and applauded when Mr Benn finished his speech, others stayed in their seats.

Mr Benn, flanked by more than a dozen Labour MPs, including Mr Eric Heffer and Mrs Hart, Minister for Overseas Development, said: "The steel workers elected the Labour Government in February of last year to look after the interests of the steel industry and those who are in it. As far as I am concerned, while I remain Secretary of State I will safeguard those interests as best I can."

He said he made no apologies for his concern about jobs in the steel industry, or the motor industry, or the shipbuilding

industry. While he could not guarantee that each man would keep his job, he said: "We will not go back to the 1930s."

A nationalized industry should not make decisions affecting workers without serious consultations with those concerned. He had asked the steel corporation to negotiate with the trade unions, and the talks were taking place.

He had no ambition to run the steel corporation, he added, but it was wrong for nationalized industries to be run solely from the top.

After his speech some workers complained angrily of his failure to offer pledges of a total safeguard for jobs, but Mr Gordon Massie, chairman of the workers' Scottish action committee, said Mr Benn's statement. He said the hecklers were expressing their anxiety without studying the statement.

Many of the workers did not attend the meeting with the MPs at Central Hall. Some went straight to the House of Commons to lobby MPs, but many others just wandered off. Only about five hundred heard Mr Benn and the other speakers.

Earlier, the Labour Government in February of last year to look after the interests of the steel industry and those who are in it. As far as I am concerned, while I remain Secretary of State I will safeguard those interests as best I can."

A letter was also delivered to 10 Downing Street by a delegation of six workers.

Two years to film 120 years of documents

By a Staff Reporter

The Civil Service Department today describes how 50 million pages of documents in the Companies Registration Office of the Department of Trade have been put on microfilm to make them more accessible.

An article in *Management Services in Government*, the department's journal, tells of the difficulty of public inspection of company records amounting to many millions of documents, with thousands being added daily.

After discussions with users, it was decided that microfilm presentation was the best alternative to the present system of getting the original files out of store.

When it became obvious that Companies House would run out of storage space and could not recruit and retain enough staff in London, it was decided that the main storage should move to Cardiff next year, and that a microfilm public reading room should remain in London.

Because the original files will not be available in London in case of damage to, or loss of, the microfilm copies, a new copy is to be made for each inquiry, which he can take away. The Cardiff office will hold the library of original filled microfiche jackets. Primary copies will be at the London reading room and duplicators there will produce extra copies on demand. There will be a small public reading room at Cardiff.

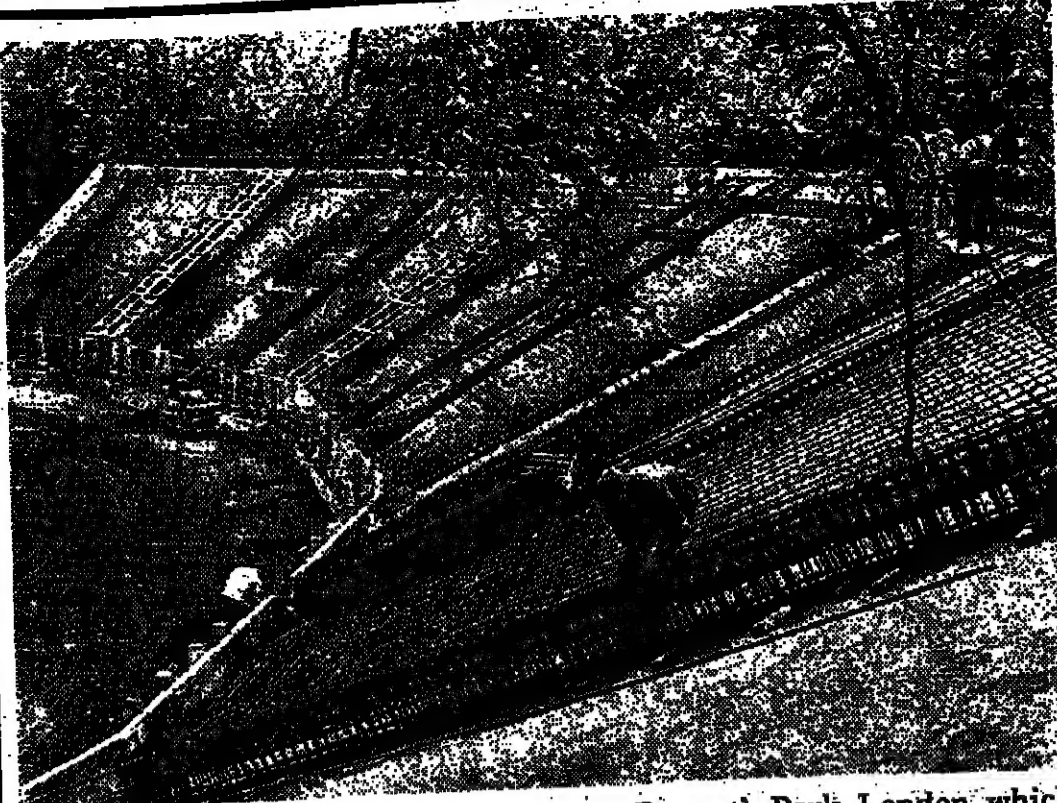
A film unit started two years ago on the task of filming 50 million pages of documents from 630,000 company files. They hold a great variety of documents, covering 120 years, in different sizes and colours, in print, manuscript, typescript, rubber stamp imprints, and, more recently, computer print-out, with many of the older documents creased, worn and faded.

The unit can produce a legible copy from almost any legible original, whether faded nineteenth-century copperplate handwriting on blue paper, typewritten third-carbon copy, or modern glossy brochure.

Mr P. Allwood, of the department's management services branch, the author of the article, writes: "We know of no other scheme of comparable size."

Labourer gets 'life'

Edward Colls, aged 36, a labourer, of Badlingdon, was sentenced at Newcastle upon Tyne Crown Court yesterday to life imprisonment for murdering Allison Scott, aged nine, of Blyth, Northumberland.



The auditorium of the open-air theatre in Regent's Park, London, which will seat 1,187 when it is completed next month.

Five men jailed in Channel immigrants case

Five men who conspired to bring Asians into Britain illegally received jail sentences ranging from nine months to 3½ years at Gravesend Crown Court, Kent, yesterday.

Philip Noel Grist, aged 23, of Priory Drive, Littlestone, Isle of Wight, was jailed for two years; Valvin John Tattersall, aged 24, of Springham Hill, Moseley, Birmingham, for 12 months; Joseph Farrag, aged 27, of Helston Grove, Tulse, Birmingham, for nine months; Victor Savage, aged 31, of Sycamore Road, Sea View, Isle of Wight, for two years; and Spyros Georgiades, aged 38, of Selwyn Road, Edgbaston, Birmingham, for 3½ years.

The court was told that after distress calls had been received at Dover coastguard station in January in a motor vessel was found adrift in the Channel. On board were Mr Grist, and 14 Asians.

Memoirs inquiry seeks evidence

The committee of Privy Counsellors under the chairmanship of Lord Radcliffe which has been asked to consider the principles that should govern publication of memoirs by former ministers, has invited written evidence by the end of June (our Political Staff writes).

Memoranda should be sent to the committee secretary, 70 Whitehall, London, SW1.

Public fund payment urged for MPs' secretaries

By Penny Symon

Public funds should be made available to enable MPs to employ at least one full-time secretary, the minimum necessary for them adequately to represent constituents' interests, according to a Commons select committee recommendation.

The Select Committee on Assistance to Private Members said yesterday that it considered secretarial assistance important enough to devote its first report to that topic alone.

MPs may now claim a number of allowances, including the cost of secretarial assistance up to an annual limit of £1,750, within that limit they may claim up to £550 for the expenses of employing a research assistant. In the last completed financial year, 73 per cent of MPs claimed the full secretarial allowance. Those who spend more than £1,750 on secretarial assistance, including research assistance, may claim tax relief on the additional amount.

The committee says it has no hesitation in asserting that public funds should be made available to enable MPs to employ at least one full-time secretary, the minimum necessary for them adequately to represent constituents' interests, according to a Commons select committee recommendation.

The committee adds that it has received evidence to suggest that in other fields a competent and experienced secretary working in London may earn between £2,500 and £3,000.

A personal secretary, working for an assistant secretary in the Civil Service, earns about £2,400 to £3,100, plus proficiency payments, which may amount to £300. A senior personal secretary, working for a deputy secretary, earns about £2,900 to £3,600.

The committee proposes that the Fees Office should be empowered to pay to any secretary nominated by a member a wage not exceeding the salary payable at the time to a specified grade of personal secretary in the Civil Service.

For MPs not opting for this scheme, the committee believes that the allowance system should continue at a level compatible with comparable secretarial salary figures, with an element to cover the true cost of employing a full-time secretary.

"We are thus recommending not only a secretarial allowance should rise to cover inflation but also that it should be increased in real terms in order that more adequate provision may be made for members to employ secretaries."

The Commons has already carried a motion to give parties in Parliament, and the Houghton committee is considering whether taxpayers' money should be used to finance political party activities outside.

The Boyle review on MPs pay is expected to recommend an increase of about £2,000 a year.

Canned meat products 'that mislead shoppers'

From Our Correspondent

Walsall

Housewives are being misled into believing that they are buying good quality meat when they are in fact purchasing "second class cut-offs", a Council official said yesterday.

Manufacturers, some household names, are using chopped meat in pies and canned meat products with no mention on the label, Mr Roger Manley, trading standards officer to Warwickshire County Council, said.

Manufacturers, he said, might be committing an offence under the Food and Drugs Act, but it would be more effective to get them to amend the wording on the packaging. Reports of his country's campaign for that would go to a Ministry of Agriculture and Fisheries and Food working party.

Saliva sample in rape case inquiries

All men in Cambridgeshire aged between 17 and 30, and St. Six tall or under, are to be asked by detectives hunting the Cambridge rapist, to give a saliva sample. The decision follows the discovery of a new clue by Home Office scientists investigating the seventh and latest rape.

Det Supt Bernard Hovson, leading the hunt said yesterday: "This is the most encouraging clue we have come across in eight months of inquiries."

Our Medical Correspondent writes: "Tests for saliva can determine an individual's blood group and other biochemical 'fingerprints'. If the police know the rapist's blood group—and that may be found from specimens of blood, saliva or semen—then results of mass testing could be used to narrow inquiries."

Boy aged seven started house fire

A boy aged seven started a house fire in which an invalid woman died at Hull last Saturday. Det Supt Ronald Sagar, head of Humberside CID, said yesterday.

Pamela Rahman, aged 35, was trapped in her first-floor bedroom in a house in Coffman Street, Jacqueline Blake, aged 23, who was rescued by firemen, is in hospital with severe burns. Six children in the house escaped unhurt.

In brief

Pupil admits Harrow arson

Simon Rhodes, aged 16, second cousin of the Queen, caused £92,000 fire damage to Harrow School, where he was a pupil, was conditionally charged for 12 months Central Criminal Court, day. He pleaded guilty to Mr Justice MacKinnon told that two incidents in which he had been attacked interfered with his school behaviour. He had decided to erase the scene from his memory.

MoT fee rise planned

The Department of the Environment is seeking unopposed increases of a quarter for roadworthiness fees. The fee would go from £1.64 to £2.04 for a car from 94p to £1.19 for a cycle.

Liberal choice

Mrs Elizabeth Shee, teacher, of Weston, 15, has been selected as a Liberal candidate for Derbyshire, east, a Conservative seat by Mr Peter Rost.

Cash boost 'urgent'

A big cash boost is needed to Britain's social services, will collapse, the Society for Mentally Capped Children said in its annual report.

M6 driver dies

Mr George Jones, age 40, lorry driver, of Brook Solihull, was killed in vehicle multiple crash on the M6 at yesterday.

Canon retires at 94

Canon John Barrow, 94, chapter clerk at the Cathedral, who has been diocese since 1904, is to retire.

Man accused kidnapping

Brian Anderson, age 38, fish-and-chip shop, of Bury New Road, W. Manchester, charged with kidnapping the daughter of a minister, is to be questioned with other offences, magistrates at Greater Manchester, yesterday. He was released on custody until 71 charged with unlawful sex and carrying away with and with der £100,000 with menaces. ing restrictions were lifted. The girl is the daughter of Mr Denney, of Plesman, Walsley, who won £500 the football pools three ago.

Protests over archbishop at General Assembly

From Ronald Faux, Edinburgh

The General Assembly of the Church of Scotland, that bastion of the Reformation, which opens in Edinburgh today, is to be addressed by a Roman Catholic archbishop for the first time. Although the thought received overwhelming approval at the assembly last year, the reality seems certain to provoke indignant protest.

The Rev James Matheson, Moderator-designate, does not believe rank-and-file church members will object to the address by the Archbishop of Glasgow, Mr Thomas Winning, a Roman Catholic observer at the assembly. But Pastor Jack Glass, head of the Twentieth Century Reformation Movement, and leaders of the Orange Lodge of

Scotland have already voiced disapproval.

Ever since the Roman Catholic Church was allowed to have observers sitting mutely through the assembly, Pastor Glass and his followers have mounted banners of protest outside against ecumenism. "This year I have a ticket to get in", he said yesterday.

If he is allowed into the assembly for the address, Pastor Glass plans to stand while all others sit and bear a protest smock suitably inscribed with an anti-papier message.

Leaders of the Orange Lodge of Scotland said yesterday that they would display a thesis in St Giles' Cathedral as the assembly opened, saying that there could be no dialogue between the Roman Catholic and the reformed churches.

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EEC REFERENDUM

Commissioner chides Mr Benn on jobs misunderstanding

By Roger Berthoud

Wedgehead Benn's attacks on the European Commission based on a "misunderstanding" of the way it used the powers delegated by national governments, George Thomson, of the European Commission, said today.

"It is a pity", Mr Thomson, a Labour minister, said in a speech in London, "that during his period as Secretary of State for Industry he has been able to spend only one day in Brussels". He added that he had taken part in the long discussions in the Council of Ministers on regional policy, but that the Commission's whole aim is to help weaker regions, not to create a "redistributive" policy like Britain's. He said that the Commission's aim is to help weaker regions, not to create a "redistributive" policy like Britain's.

Speaking on the same platform, Mr William Whitelaw, Deputy Conservative leader, said Mr Benn had "disregarded the views on the employment issue of those who run Britain's industries. He had stood the facts on their heads. Asked whether he was calling Mr Benn a liar, Mr Whitelaw gave an ambiguous answer, ending with the word "Yes".

More absurd still, Mr Whitelaw said, was Mr Benn's argument that employment could be preserved only by Britain's withdrawal from the EEC. "If we cannot sell our goods effectively inside the Community and so maintain jobs in this country, how could Britain possibly hope to do so outside, facing tariff barriers?"

Mr Prentice, Secretary of State for Education and Science, thought arguments that Britain's industry could not face competition were defeatist. The country was entitled to know whether the anti-Market forces were advocating continued trade with Europe after withdrawal and wanted to get a free trade agreement, or whether they wanted a "siege economy".

He believed British exports must improve, both to Europe and the rest of the world. It would be a tough struggle, but much tougher outside the EEC.

Unich parallel seen in move as Britain 'slept'

Staff Reporter

part of the anti-EEC campaign on the establishment, let Britain Out movement today launched a book called *While Britain Slept: Selling of the Common Market*.

The book is a highly critical account of how the Conservative Labour Parties, the Civil Service and assorted lobbyists sold the issue of Britain's membership to the public.

It is a highly critical account of how the Conservative Labour Parties, the Civil Service and assorted lobbyists sold the issue of Britain's membership to the public.

Munich, he said. Among the aims was to promote the free flow of British capital to Europe. He thought it significant that two former senior civil servants who had played crucial roles in Lord Armstrong's Sandhurst and Lord Helyar, were now directors of the Midland Bank.

Mr Evans emphasises the lack of public debate before the decision to seek membership, and at the subsequent elections. But he also believed, he said yesterday, that the pursuit of membership was fundamentally inflationary, notably when Mr Heath created a boom between 1970 and 1973 by increasing the money supply by an average of 30 per cent, to enable industry to benefit from the "best new money" in the market.

While *Britain Slept: The Selling of the Common Market*, Gollancz, £2.

'Workless stunt a disgrace', MP says

By Our Political Correspondent

Mr Cyril Smith, Liberal MP for Rochdale, said in Nottingham yesterday that he considered it "an absolute lie" for Mr Tony Benn to say that EEC membership had cost Britain 500,000 jobs.

"A stunt like this is a disgrace to those who take part in it", he said. "Our problems in the car industry have nothing to do with the Common Market. They have to do with quality, reliability, investment, delivery dates and management. To claim otherwise is a gross deception."

Mr Rippon, Conservative MP for Hexham, who as a minister negotiated Britain's entry, said at Nottingham: "Mr Benn's extraordinary allegation was a startling revelation about the damage from wildcat strikes. His figures of the fall in car exports show what happens when Britain fails to deliver the goods."

"He has condemned the failure for which he has a direct responsibility. How many more jobs does he think have been lost by our loss of potential exports to the rest of the world?"

The anti-Europeans gave the false impression that the bulk of Britain's trade deficit was with the EEC. Our non-oil trade gap with the EEC had increased far less than that with the Commonwealth and United States.

Mr Taverner, QC, former MP for Lincoln said at Nottingham that Britain might soon need a huge loan.

"Without it we could face a slump on the scale of the 1930s. Yet why should foreigners lift a finger to help us if we break our treaty and kick them in the teeth?"

Mr Hoogen, QC, MP for Montgomery, said at Stroud that the membership of the EEC has been of benefit to the industry in Britain and should aid its future development.

In a factual assessment of the impact of Community membership on the coal industry during the past two years, the board says that while it has been contributing to Community funds through a levy on coal production it has been receiving financial aid in excess of that.

The coal industry in Britain is the largest in the Community and nearly equal to the rest put together. The coal board said it had successfully pressed for an EEC coal policy that reversed the negative moves of previous years, and supported the expansion of production in Britain.

The principle of measures to safeguard coal markets has been adopted by the Community largely as a result of British efforts.

Mr Foot affirms link between EEC and unemployment

By George Clark

Political Correspondent

Mr Foot, Secretary of State for Employment, yesterday sought to contradict the "propaganda" of the pro-Europeans that it was in the interest of young people that Britain should remain a member of the EEC.



Mr Foot and Mrs Hart at yesterday's press conference against EEC entry.

At a press conference held in London by the National Referendum Campaign he said that one of the posters displayed by the pro-Market forces referred to "jobs for the boys" in Europe. But one unemployed person in every three in Western Europe as a whole was aged under 25.

Comparing 1973 with 1974, he said, there had been an appalling increase in the numbers of unemployed in Europe; even worse, the increase in those unemployed under the age of 25 had increased on average by 49 per cent. In the United Kingdom it was about 30 per cent, although the comparison could not be made exactly. He continued:

"I think our unemployment figures are quite bad enough, but they are not as bad as they are in Western Europe, particularly among the young, and I find it particularly offensive that we should have about the opportunity of jobs 'for the boys' in Western Europe."

One of the things anti-Market ministers were most concerned about, he said, was that Britain was importing unemployment from Western Europe.

It was true that the world recession was partly responsible for the increase in unemployment, but he agreed with Mr Benn, Secretary of State for Industry, that the adverse balance of trade with the EEC countries was the biggest factor. The threat to steel jobs, Mr Foot

said, arose solely from membership of the EEC. The measures required to protect those jobs could be gravely interfered with by EEC regulations.

We want to have much more direct intervention by the Government to ensure that we get investments in the right places. . . . The claim of the pro-Market forces that going into the Market would help our investment problem has been catastrophically disproved.

Mrs Hart, Minister for Overseas Development, who also has steelworkers among her constituents in Lanark, reinforced the argument by saying that the United Kingdom steel industry was producing only 54 per cent of the steel demanded by British industry.

Today we are in a depression from which we hope there will be an upturn. It is not crazy that we should not aim at producing the maximum amount of steel to give the maximum employment to our people and the maximum base to our own industrial development.

Mrs Castle, Secretary of State for Social Services, said the United Kingdom was bamboozled into entering the EEC on the vision of the great trade bonanzas that would come within an enlarged market of 200 million people.

The facts have been the exact opposite. Our balance of trade deficit with the Community since entry has swung catastrophically against us. In manufacturing goods in 1970 we had a surplus of £465m, and that surplus has been

turned into a deficit of over £600m.

The deficit on the balance of trade with the Six was running at an annual rate of £81m in chemicals, £65m in textiles, £205m in cars, £141m in machinery, £19m in other finished manufactures, and £426m in steel. But direct United Kingdom investment in EEC countries in chemicals between 1972 and 1973 rose from £16.4m to £82.6m; and European investments in chemicals in the United Kingdom fell from £9.2m to £2.9m.

Mrs Castle said liberalization of direct investment was by no means complete under the accession arrangements, but it

was clear that the economic benefits had not arrived and the economic dangers had multiplied.

In a joint statement five ministers who dissented from the Government's decision to recommend continued membership of the EEC commented on the demonstration by steelworkers in London yesterday. Mr Foot, Mrs Hart, Mrs Castle, Mr Benn and Mr John Silkin, Minister for Planning and Local Government, said: "We warn again that British working people will not accept the redundancy and unemployment that is the price of Market membership. The first sign of rejection of this philosophy comes with the rally of steelworkers in London today. Threatened with 20,000 redundancies while European steel is flooding into our ports, they have come to London to tell us that such a situation is unacceptable. The situation of the British steel industry is the situation of the whole of British manufacturing industry."

Last night the National Referendum campaign stated that the Shah of Iran, warning that oil prices would almost certainly be increased again later this year should be a warning to Britain about the dangers of staying in the EEC. There is no doubt that the bureaucrats in Brussels are now laying plans to control Britain's natural gas and oil supplies.

"Tribune" view: Reporting on their personal experience of the anti-Market campaign, Tribune group members at the Commons last night generally agreed that most constituency parties have been neutralized by local agreements to disagree. Consequently, such impact as is made by leaflets and brochures is attributable to the trade union, who have spent money in campaigning.

Membership is of benefit, coal board maintains

By Roger Vielvoys

The National Coal Board says that membership of the EEC has been of benefit to the industry in Britain and should aid its future development.

In a factual assessment of the impact of Community membership on the coal industry during the past two years, the board says that while it has been contributing to Community funds through a levy on coal production it has been receiving financial aid in excess of that.

The coal industry in Britain is the largest in the Community and nearly equal to the rest put together. The coal board said it had successfully pressed for an EEC coal policy that reversed the negative moves of previous years, and supported the expansion of production in Britain.

The principle of measures to safeguard coal markets has been adopted by the Community largely as a result of British efforts.

efforts. That would enable governments to give financial aid for supplies to the electricity and steel industries during temporary falls in demand. It would also help in stocking coal, including finance to cope with market fluctuations, and give security of supply. Safeguards were provided on imports.

Britain, the assessment says, is also impressing on the commission the need for continuing financial help for high-cost coalfields to ensure security of supply, including particular coal qualities.

The levy due on tonnage produced, which the board paid to the Community, was £2.3m in 1973 and £2.5m in 1974.

Grants from the Community are available towards the cost of benefits under existing British schemes to protect miners from hardship through displacement and redundancy.

Powdered milk 'mountain' keeps growing

More than 100 tons a month of powdered skim milk is being added in Britain to an EEC "mountain" of almost 500,000 tons.

The board added that farmers could claim a subsidy of more than 8p a gallon for feeding their own livestock with skim milk produced in their own creameries.

'No' from small shopkeepers

The National Union of Small Shopkeepers rejected British membership of the EEC. Mr Thomas Lynch, the president, said at the association's annual conference at Buxton.

He said the Government might have to consider food rationing to prevent hoarding by wholesalers and shoppers if prices continued to rise.

Sectarian battle-cries in Ulster campaign

From Christopher Walker

The campaign to woo Ulster's one million voters from their apathy towards the forthcoming referendum gathered momentum yesterday.

Launching the Northern Ireland branch of Get Britain Out, Mr Neil Oliver, the chairman, used the familiar "loyalist" battle-cry of "no surrender". His speech demonstrated clearly that the campaign in Ulster will have quite a different flavour from that in any other part of Britain.

"The convention election demonstrated that the majority of the Northern Ireland electorate will not tolerate power-sharing in executive government", he said. "How much less will they tolerate power-sharing and the future destiny of this province being surrendered to a foreign community."

Mr Oliver, a failed loyalist candidate in the recent elections, said that no part of the United Kingdom had more to lose by continuing membership yesterday.

At another meeting in Belfast yesterday, Sir Christopher Soames, Vice-President of the European Economic Community, said that the United Kingdom would lose investment to the Irish Republic if Britain left the Community.

Sir Christopher said he could not see why investors should want to put their money in a Northern Ireland outside Europe when by taking it across the border they could have access to a huge market.

Arguing that continued membership would contribute to the economic and political stability of Ulster, Sir Christopher disclosed that the question of whether an independent Northern Ireland could remain inside the EEC had never been considered by the Community.

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WEST EUROPE

Bishop of Bilbao reports to the Vatican envoy in Madrid on the Basque country crisis

From Harry Debellus Madrid, May 19

Mgr Antonio Añoveros, the Bishop of Bilbao, came to Madrid today to give a first-hand report to Mgr Luigi Dadaglio, the Papal Nuncio, on the wave of violence in the Basque country.

He arrived by car less than 24 hours after denouncing "violence on both sides" from the pulpit of the Santiago cathedral in Bilbao. He made the journey with Father Angel Ubieta, the Vicar General of his diocese.

Fifteen months ago both the bishop and the vicar general were under house arrest in Bilbao because of a pastoral letter in which Mgr Añoveros called for official recognition of the Basque cultural heritage, and the Government tried unsuccessfully to expel him from Spain.

While in Madrid, the Bilbao clergymen will attend a meeting, which begins tomorrow, of the Spanish Episcopal Council. This will "take the pulse" of the current situation of the Spanish Catholic Church in relation to the burning issues in the life of the nation.

The problems of the Basque country, where political police

Protest at seizure of Lisbon paper

From Jose Shercliff Lisbon, May 19

A full assembly of Portugal's Armed Forces Movement (MFA) opened here today after a weekend of political confusion and economic troubles.

The MFA assembly has a full agenda, but the seizure of editorial control of the evening newspaper Republica today by communist printers will no doubt also be discussed.

High on the agenda is the disquieting economic situation in the country, with production, exports and gold reserves falling. An analysis of recent developments in Angola and the effect on the forthcoming decolonisation of the territory will also be heard by the delegates.

The direction of the country's political evolution, the findings of the commission inquiring into the abortive March 15 military coup, and the internal affairs of the MFA and its future tasks will also be debated.

It has been clear since the elections that the MFA is deeply worried by the political situation in the country, and in particular by the widening gap between the Socialist and Communist parties. Since the MFA's recent institutionalisation, its members have felt that it is for them, rather than for individual political parties, to guide the country. They feel that in order to do this they must go out and campaign more widely to enlighten and dynamise the people.

Lisbon, May 19.—Angered by the Communist seizure of Republica, the newspaper they own, Portugal's Socialists called for street demonstrations today to liberate it from hostile hands.

The move by Communist printers and janitors who locked up Dr Raul Rego, the editor, in his office, poses further problems for the MFA as it was the only Lisbon paper not under Communist editorial control.

The workers accused Dr Rego of publishing a Communist document that should have been kept secret.

Leaflets calling for an end of the "new censorship" and denouncing "the attacks on the information organs" were scattered in the streets.—AP and UPI

Greece and Turkey set up machinery for consultations

From Our Own Correspondent Rome, May 19

Mr Dimitrios Bitsios, the Greek Foreign Minister, said today after a series of meetings in Rome with Mr Ismail Sabri Caglayanli, his Turkish counterpart, that machinery for consultations between the two countries.

It might be said that such a result represented a substantial advance, considering that this was the first encounter at such a high level between the two countries since the outbreak of the present Cyprus troubles in August.

But in real terms, not much has been achieved beyond the prospect of further talks. The two Ministers will be meeting again at the end of this month in Brussels when their heads of government will also be present at the Nato conference. There were four ministerial meetings since Saturday, each lasting about an hour.

Spanish troops braced for Sahara battle anniversary

From Our Correspondent Madrid, May 19

The pace of the evacuation of dependants of the Spanish military from the Sahara appeared to quicken today as members of a United Nations fact-finding committee ended their one-week visit to the Spanish colony.

Spanish troops braced for possible action in connection with tomorrow's second anniversary of the first battle between desert guerrillas of the Libyan-backed Popular Front for Liberation of the Sahara (Polisario) and General Franco's troops.

Libya radio claimed that, in addition to a dozen Spanish officers and soldiers captured about a week ago, six more were taken prisoner last Friday night. There was no official confirmation of this. An unofficial report said Polisario was trying to exchange the Spanish soldiers for Sahara political prisoners in Spanish jails in the Sahara and the Canary Islands.

Deposed ruler ill

Katmandu, May 19.—The deposed Chotral (King) of Sikkim has been seriously ill for past several days, the Nepalese newspaper Everest said today.

First 'national' newspaper in West Germany

From Dan van der Vat Bonn, May 19

West Germany acquired its first "national" newspaper today when Die Welt, formerly of Hamburg, produced its editions for tomorrow from Bonn for the first time.

In probably the largest removal operation in the history of the German press, the best-known component of the Axel Springer press empire has moved to the federal capital to be on the spot for political news.

At the same time, the printing operation has been rationalised. At what is described as a saving of several million marks, the federal editions will be printed in Essen. Only local sections will be printed in Hamburg and West Berlin, which previously printed the entire paper.

30,000 acres of Camargue to be protected

From Our Own Correspondent Paris, May 19

More than 30,000 acres of the Camargue, a flat region between the two arms of the Rhone, and one of the finest areas for wildlife in Southern France, have been designated as a zoological and botanical nature reserve.

All human activities judged a threat to nature will now be prohibited in this area. Camping and caravanning will be banned together with hunting and fishing. Economic activity in the protected area will be restricted to cattle raising.

OVERSEAS

Huge secret payments by Exxon alleged

From Frank Vogl US Economics Correspondent Washington, May 19

A case is now being developed by United States Government officials that will show that undisclosed political contributions, running into many millions of dollars, have been made by the world's largest company, the Exxon Corporation, informed sources said.

The Exxon case will be by far the largest of this kind to date and a feature of it will be payments made to politicians by Exxon's subsidiary in Italy, the sources added. The investigations are being conducted by both the Securities and Exchange Commission (SEC) and the Senate's subcommittee on multinational corporations.

An indication of the pressure now building up on Exxon was the statement late last week by the company's chairman, Mr J. W. Jameson, that Exxon had made political contributions in both Italy and Canada. He did not disclose the size of these payments and maintained that they were perfectly legal in the countries in which they were made.

However, these contributions and possibly others of a similar nature, have never been disclosed by Exxon in the company's published balance sheets. This is one factor that deeply concerns the Securities and Exchange Commission.

The Senate subcommittee, meanwhile, is equally concerned about the moral issues involved in American companies making political payments, the pressures placed by foreign governments on these companies to make such payments, and the effect such payments have on American relations with foreign countries.

The sources noted that the State Department is deeply alarmed about these cases and fears that revelations of large payments to foreign governments by giant American companies will have a most serious impact on how the United States conducts foreign policy.

It appears that this is the latest of a large series of cases involving political payments by companies. Investigators at the SEC and at the Senate committee on multinational corporations frankly admit that they fear that the disclosures now being made are only the tip of the iceberg.

Following information that came to light in the Watergate investigations last year, more than a dozen American firms are now under investigation of one sort or another in regard to political payments.

There is a strong belief that a large number of companies in the defence business may have made such payments and made payments here and abroad to secure contracts.

The purpose of these advance payments, which under the terms of the contracts would have been paid only if the company could secure the high profitability of the companies involved, at the cost of the taxpayers. The current investigations into companies could lead, the sources said, into investigations of the firms, here and abroad, within the defence industry.

A big problem in gathering information for developing the cases is that many of the companies involved are foreign agencies or subsidiary companies, in such places as the Bahamas, to make the cash transfers and so conceal the payments. To gather the information needed in some cases demands cooperation between the United States Government and foreign governments.

Obtaining such cooperation, the sources said, is difficult because of a reluctance to cooperate by some foreign politicians, and by the fears and apprehensions of the State Department of just what the disclosures might do to American foreign relations.

The disclosures made public here so far have stimulated investigations by governments in Bolivia, Venezuela, Ecuador, Peru, Italy and Honduras into the political activities of American companies in these countries.

First 'national' newspaper in West Germany

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General Amin threatens to destroy Tanzania

From Our Correspondent Nairobi, May 19

President Amin of Uganda today threatened to destroy Tanzania if President Nyerere succeeded in stopping the Organisation of African Unity's summit from being held in Kampala in July.

He made this threat, according to Uganda radio, to a group of Ugandan and Tanzanian Army officers at Masaka, 80 miles west of Kampala, after he had toured the Tanzanian border on his way back from an official visit to Rwanda.

The radio said the Tanzanian officers had crossed into Uganda to meet the general. He told them President Nyerere was trying to ensure that the summit meeting did not take place in Kampala as scheduled. He was in communication with the British Government in this matter, they claimed.

They said some Tanzanian ministers, who they did not name, had asked them to tell General Amin about the plan to assure him they did not support it.

£176,000 for car crash victim

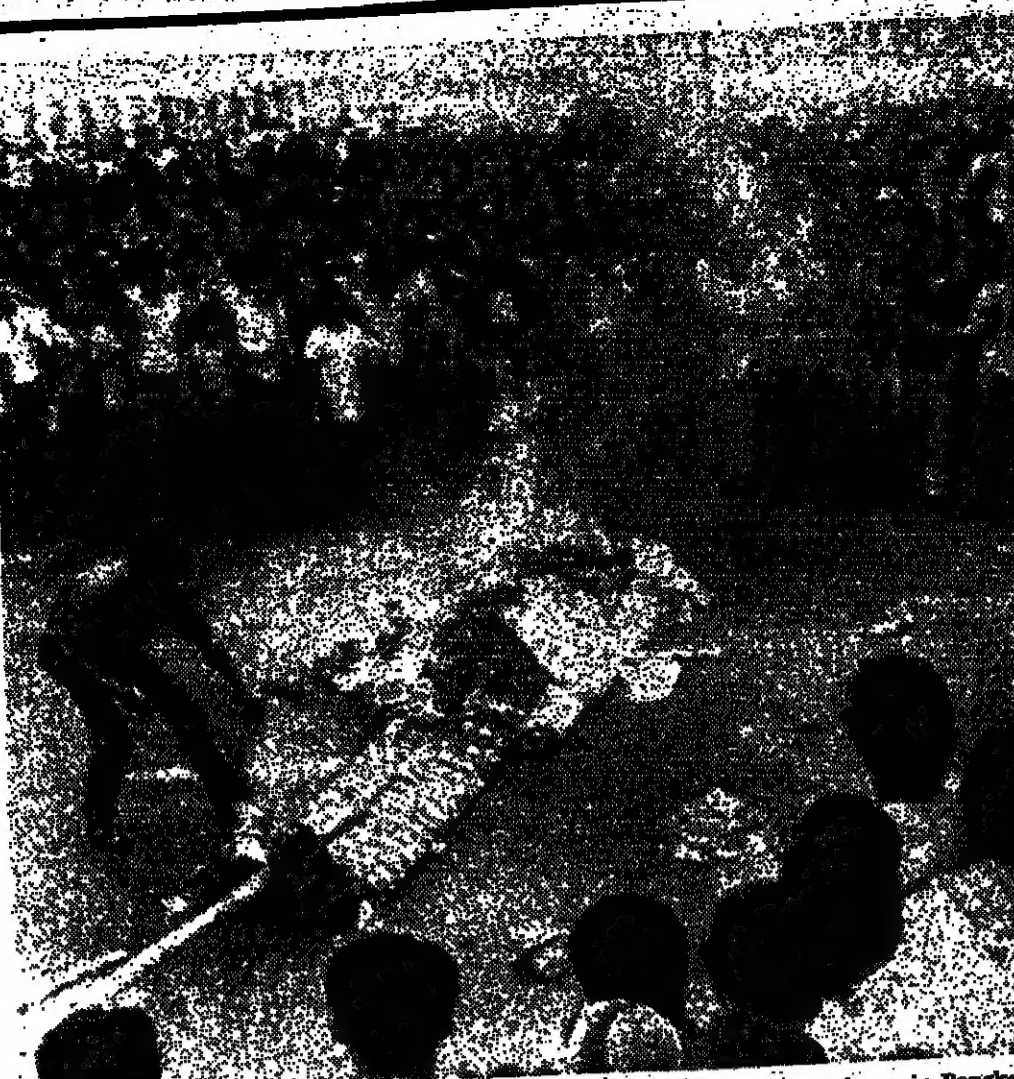
Sydney, May 19.—A road accident victim said by a judge to have taken to drinking and ill-treating his wife and daughter since he was hit by a car, was today awarded damages of \$301,000 (£176,000), a record for Australia.

Mr Joseph Taylor said Mr William Arley, aged 51, suffered multiple injuries, which had made him a paraplegic, and pain, misery and frustration would be his for until he died.—Reuters

Gunmen fire on religious march

Avellino, May 19.—Gunmen opened fire from a speeding car at a religious procession at Capriglia, southern Italy, early today, wounding six people with shotgun pellets. There was no apparent motive for the attack.

At the town of Avellino near by and also in Bologna, northern Italy, petrol bombs were thrown into the offices of the Christian Democrat Party.—Reuters



Thai students burn an effigy of "Uncle Sam" in front of the American Embassy in Bangkok, in a protest over the use of bases in the Mayaguez operation.

Rising toll embarrasses Mr Ford

From Fred Emery Washington, May 19

The gulf was today peeling off the success of the Mayaguez rescue operation as the White House was forced to protest that it was not hiding the bad news of the rising military casualty list.

President Ford was himself "puzzled" by his spokesman said, over the delay in getting hard figures of American losses.

The White House today said that the Pentagon had completed five and a half days ago.

The Ford White House, which, understandably, is very sensitive to any tarnishing of its "open" image, was quick to deny every suggestion that there had been any "lying" or "new management."

A further disclosure by Dr Kissinger, the Secretary of State, while on the way to Vienna yesterday, was that the United States had contemplated using B-52 bombers against Cambodia if the air craft carrier Coral Sea had not been within range of targets in time. Dr Kissinger made the disclosure in a background aside to reporters on his airliner.

It followed a report in the Sunday newspapers in Washington that Dr Kissinger, the Defence Secretary, was among others who had prevailed against members of the National Security Council who wanted to use B-52s. Dr Kissinger was not named as the B-52 advocate, but a news agency report said that the official on Dr Kissinger's aircraft said it was the Pentagon which recommended the B-52s.

The President himself continues to draw geopolitical consequences from his action. In a telephoned speech to a businessmen's conference in New Hampshire, last night he said: "It proved what we have all said: America is strong, tolerant, cautious but has to be in the days ahead."

In an address to graduates of the University of Pennsylvania yesterday, Mr Ford received applause, when he stated: "I am immensely proud of the Marines, the airmen, and the seamen who rescued their captives in the Mayaguez, and our merchant ships last week in the Gulf of Siam."

Moderate may replace rightists in Laos Cabinet

Vientiane, May 19.—The Laotian Cabinet, dominated by the Marxist Pathet Lao since the resignation of two right-wing ministers, met today to discuss replacements.

Laotian radio said the meeting also discussed the replacement of two right-wing deputy ministers who resigned.

The resignations have left the coalition Cabinet of Prince Souvanna Phouma, the neutralist Prime Minister, with three right-wing and two neutralists as well as five Pathet Lao.

There was no confirmation of names discussed at today's meeting; but diplomatic observers considered that the replacements were likely to come from the Vientiane side, in accordance with the 1973 ceasefire agreement, and that they would be moderates acceptable to the Pathet Lao.—Reuters

Sixty feared dead in crash

Delhi, May 2.—A packed express train ploughed into a truck on an unmanned level crossing in western India today, and first reports said about 60 people were feared killed, the Press Trust of India reported.

The agency quoted witnesses as saying mutilated bodies, mostly of women and children, were scattered around the railway track. All the dead were believed to have been members of a marriage party travelling in the truck.—Reuters

Jamaica death sentences must stand

The death sentences passed in Jamaica on two young men must stand, although they were under 18 when they committed the murder for which they were sentenced, the Privy Council ruled in London yesterday.

The Judicial Committee of the Privy Council decided that the sentences of Eamon Baker and Paul Tyrell, now both aged 23, were not saved by provisions of the laws and constitution of Jamaica, where the death penalty is mandatory for murder but there is a statutory exception for offenders aged under 18.

The committee decided that the exception does not apply where the murderer is over 18 on the date of conviction even though he was under 18 at the date of the murder. Lord Salmon, dissenting, said the decision, in some circumstances, might lead to barbarous and absurd results.

Mr Baker and Mr Tyrell were convicted at Kingston in March 1971, of murdering Reginald Tate, a police officer, during a riot in November 1969. Their appeals against the death sentences were dismissed by the Jamaican Court of Appeal in July, 1972.

India and Pakistan fail to agree on overflights

From Our Correspondent Delhi, May 19

India and Pakistan failed today to reach an agreement on the resumption of overflights which were stopped in early 1970 when an Indian airliner was hijacked by Pakistan.

India's position was that Pakistan should withdraw its case before the International Civil Aviation Organisation as a prelude to an agreement. But Pakistan did not accept this for fear of "adverse reaction" at home.

During the five-day discussions in Delhi, India relented and suggested that Pakistan should give a written assurance that it would not reactivate a case without India's consent. But Pakistan again refused.

One other subject discussed was the nuclear explosion conducted in India last year. The Pakistan delegation proposed a meeting of India, Pakistan, Nepal, Bangladesh, Burma, Sri Lanka, and Ceylon to discuss a "lateral assurance" of "non nuclear explosions for peaceful purposes only into a 'multilateral guarantee'."

Pakistan also proposed the littoral states should reach a direct agreement on making the Indian Ocean a zone of peace. India agreed to consider the proposal.

Ship rescue led to 'very heavy combat'

Subic Bay, Philippines, 19.—American Marines expected when they landed Koh Tang Island in the Gulf of Thailand last Thursday to free the cargo ship Mayaguez from the Khmer Rouge, a commander said here today.

"There was very heavy combat," he said, "and it was a classic battle in which our forces encountered heavy resistance on the ground." I tenant-Colonel Randall Ar said.

At a press conference at American naval base here said that three of his died, some 71 of the 230 Marines were wounded, some with minor injuries, another 13 were missing.

In New York, Dr J. Schlesinger, the Defence Secretary, put casualties for whole air-sea operation to the ship and 40 crew at dead, 16 missing and 70 and 80 wounded.

Colonel Austin said there were about 25 cases among an estimated Cambodian force of 150 on the island, he said he had no exact count.

The colonel said he did want to play down the action as a success. "We were able to land on the island, it was part of the overall action and contributed to the success of the operation."

Major General Keith Boushman, commander of Okinawa-based 3rd Marine Division, who was also at press conference, told a reporter: "At the risk of being like a war correspondent, I added an asterisk to morale."

Colonel Austin said Marines landed from the coasters at various points the five-mile-long island. We met more resistance than we expected. Personally, we were not in any engagements were so close that there were many instances when the enemy was in hand grenades and our troops picked them up and threw them back.

At the press conference were two Marines in two helicopter crashes on the island. They were General Boushman and Major General Boushman.

The Mayaguez today heading for Hong Kong, Singapore, where it arrived Saturday after being four days at sea. The ship was rescued by the K. The ship was rescued by the K. The ship was rescued by the K.

Hanoi leaders pledge union of Vietna

Bangkok, May 19.—South Vietnamese leaders said that North and South Vietnam would be reunited as the wish of President Ho Minh, Hanoi radio reported.

Addressing a rally in North Vietnamese capital, Hanoi, Mr Pham Van Dong, Prime Minister, quoted what he called the last line of the late president's testament: "My mate will be that our people consolidate to create a struggle for a peaceful, united, democratic and prosperous Vietnam and properly contribute to the worldwide revolution."

The rally was held in honor of President Ho's birthday, memory of the man who considered the father of North Vietnamese independence. The late president was the founder of the revolutionary movement in Indochina.—AP

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Gunmen fire on religious march

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At the town of Avellino near by and also in Bologna, northern Italy, petrol bombs were thrown into the offices of the Christian Democrat Party.—Reuters

Nigerians held in inflation drive

Lagos, May 19.—Government price control officials have arrested scores of Nigerians dealing in scarce commodities in a renewed battle against inflation.

Among those arrested in various parts of the country for evading price controls were dealers in milk, beer, baby food, sugar and fuel.—Reuters

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ERSEAS

Insurrection in West Bank increases Israel forces arrest Arabs in hunt for saboteurs

ic Marsden
n, May 19
manhunt for two sabo-
rael troops and police
arrested 69 Arabs in
of Jenin and sur-
villages in the north-
of the occupied West
hey are also said to
ed weapons and sabo-
ment.
rains, mostly carried
side on buses in the
of the night, have in-
tension in the West
ich is in the grip of a
small-scale terrorist
gh Palestinian guer-
nizations based in
and Beirut failed to
t the attack expected
ide with the anni-
Israel's stronghold on
there has been a proli-
of minor acts of sabo-
the past two weeks.
have taken place
in the Nabulus-Jenin
he north, in East Jeru-
in Beblehah and
up-and-up in Jenin came
urly investigations in-
that Arabs in the area
ked with a group of
el Arabs who were
in Nazareth last week
of conspiracy to
act of sabotage.
The spectre is said to have
to four different ter-
rups.
today, a home-made
as found near one of
n's main traffic inter-

sections outside the walled
city's New Gate but was dis-
mantled safely.
In the town of Atre, near
the Lebanese border, an Israeli
Arab farm labourer was killed
when a Dutch-made grenade
went off in his hands while he
was working on the roof of an
agricultural school. Police are
investigating whether the man,
who had been sent to the roof
to work on a roof of a school
was a terrorist.
Inquiries are still being
made into an explosion which
injured 12 people at the Dead
Sea beach of Ein Feshkha, near
Jericho, on Saturday. Although
one of the Arabs arrested
have been released. Many were
picking up the beach and
some helped to evacuate the
Israeli wounded, and give first
aid.
The increasing involvement
in subversive activities of
Arabs living within Israel's
1948 borders is causing con-
cern to the authorities. Police
have disclosed that one of the
suspect arrested last week in
Nazareth is the deputy chair-
man of a municipal council in
Galilee.
In the West Bank, the wave
of unrest and denunciations
coincides with friction be-
tween Jews and Arabs in several
areas at a time when the
Government is again trying to
promote the idea of limited
civil autonomy. The two lead-
ing mayors of Nabulus in
Samar and Hebron in
Judea have shown readiness to

South African assistance to Frelimo disclosed in continuing exchanges with Liberia Mr Vorster seeks summit meeting with black presidents

By Leonard Buckley

The secret visit that Mr Vorster, the South African Prime Minister, paid to Liberia in February was not the end of his efforts to establish a friendly relationship with President Tolbert.

Stephen Tolbert, brother of the President and himself Finance Minister of Liberia, who was killed last month in a flying accident, was a central figure in what happened afterwards. He gave me a record of the subsequent events, asking me to regard it as confidential at the time.

Now, however, that he is dead, it seems fitting that the record should be disclosed, both for the glimpse it offers of the man Africa has lost and because it gives a clear picture of the relationship that Liberia was seeking its own ends in the contacts.

Representatives of South Africa first approached President Tolbert last July when he was on a visit to Lesotho. They approached him again in New York in November.

President Tolbert made it plain that he could have no dealings with Mr Vorster until the South African Prime Minister was in dialogue with his own black leaders. When, however, he was assured that the dialogue had begun (the concessions to black South Africans on house ownership are one result of it) he agreed to receive Mr Vorster in Monrovia.

He invited Chief Buthelesi, leader of the Zulu homeland, and Mr Sam Ntsema, president of the South-West African Peoples Organisation (Swapo) to Liberia beforehand so that he could be adequately briefed for the visit.

Steph Tolbert was made responsible for the security of the visit itself. Steve, as he was always known, received Mr Vorster and his party at the airport, which he had ringed with troops and closed to other traffic.

At four o'clock on Saturday, March 1, I received a telephone call from Ambassador Botha from London and I gave him an appointment to meet with me at "Somerset" (Steve's house at Westworth, Surrey) at five o'clock the same day, which appointment he kept.

After the usual exchange of pleasantries he informed me that he had been sent by Prime Minister Vorster to me to express personally the Prime Minister's appreciation for the warmth and understanding which he had received from President Tolbert and members of his Government during his recent visit to Liberia.

He also wished that President Tolbert be informed that officials of the Government of the Central African Republic have visited South Africa and discussed financial and other assistance, which is apparently being given favourable consideration by the South African Government; and that business men and editors of major Nigerian



The go-between: A moment of relaxation for the late Mr Stephen Tolbert.

port he sent to President Tolbert on March 1:
On Monday, February 24, I received a call from Ambassador Botha in Geneva transmitting a message from Prime Minister Vorster expressing appreciation for courtesies shown during his visit to Monrovia. Ambassador Botha also informed me that Ambassador Botha (Mr B. F. Thomas) had telephoned him requesting an opportunity to meet with me in London and asked whether he could give Mr Botha my telephone number.

I saw no harm in this and told him he could. About four o'clock that same afternoon I received a call from Ambassador Botha from London and I gave him an appointment to meet with me in London to deliver a message from Prime Minister Vorster.

I explained to him that I was scheduled to enter hospital on Tuesday, the 25th but would most probably be available by Saturday afternoon, March 1.

After the usual exchange of pleasantries he informed me that he had been sent by Prime Minister Vorster to me to express personally the Prime Minister's appreciation for the warmth and understanding which he had received from President Tolbert and members of his Government during his recent visit to Liberia.

He also wished that President Tolbert be informed that officials of the Government of the Central African Republic have visited South Africa and discussed financial and other assistance, which is apparently being given favourable consideration by the South African Government; and that business men and editors of major Nigerian

Tolbert's insistence on independence for South-West Africa and his giving his fullest consideration to this problem in the light of his discussion with President Tolbert in Monrovia.

Ambassador Botha explained further that Prime Minister Vorster had sent him to get President Tolbert's reaction and assistance in the following matters:
1-In the light of his evaluation of President Tolbert's leadership role in black Africa, he is soliciting President Tolbert's assistance in arranging for Prime Minister Vorster to meet with President Kérékou, President Mobutu, General Gowon as an initial step.

2-As a second step, for President Tolbert to arrange for a group meeting of President Kérékou, President Mobutu, General Gowon, President Vorster and myself in place in Africa that would be convenient and acceptable to the black African leaders. The purpose of the meeting would be to exchange views and consult together in the pursuit of solutions to the problem of Southern Africa with the ultimate objective of achieving peace, unity and cooperation in Africa—3 solution that would be acceptable to the black African leaders and to Mr Vorster.

Ambassador Botha made it clear that the Prime Minister is beginning President Tolbert for his support and assistance in this matter as he feels that President Tolbert is genuinely interested in the welfare of Africa and is objective and reasonable in his views. The Prime Minister further feels that if the political problems in Southern Africa could be resolved the economic potential of black Africa and Southern Africa could be achieved to the benefit of African nations.

Prime Minister Vorster wanted President Tolbert to be informed confidentially that he is in contact with Frelimo and is giving substantial assistance to them including large supplies of food because at the moment there seems to be a shortage as a result of disruption by the Portuguese. He wants to assure you that he will continue this support in order to prevent any situation that could result in unrest.

He also wished that President Tolbert be informed that officials of the Government of the Central African Republic have visited South Africa and discussed financial and other assistance, which is apparently being given favourable consideration by the South African Government; and that business men and editors of major Nigerian

newspapers were at the moment in South Africa having discussions with South African Government officials and private businessmen.

Ambassador Botha did not deny that these discussions were in connection with a deal being arranged between Nigeria, Saudi Arabia and South Africa for the exchange of oil for gold.

Of course, the ambassador indicated further that Mr Vorster would be prepared to consider favourably economic cooperation between South Africa and Liberia that would inure to the benefit of both countries. South Africa seems particularly interested in landing rights in Liberia and is prepared to consider such specific development programmes as would be of interest to Liberia.

In closing, Ambassador Botha explained that it was the desire of Prime Minister Vorster to make a contribution to the search for peace in Africa (a fund for public projects) in Liberia, but he did not know how President Tolbert might react to this.

He informed me that Prime Minister Vorster does not wish that further contact be made through diplomatic channels but in a more direct manner. He has established such means of contact through New York and South Africa directly.

By March 7 Steve was in a position to inform Mr Botha by letter of President Tolbert's reaction.

I have reported the substance of our discussion to my principal and I am authorized to give you the following reaction:
It is of special interest to me to learn that within a week after his return home the \$20m Nico Malam theatre complex in Cape Town was opened to all races and that steps are now being taken to achieve similar changes in Johannesburg. I think, however, it is timely that other significant changes take place so that it might be observed that our efforts are achieving more meaningful results.

Critics think that Mr Vorster was using his old gimmick, but I believe he is sincere; nevertheless, the more he acts to demonstrate changes take place the better it will be for both him and me.

I shall appropriately do whatever I can with regard to arrangements for the Prime Minister to meet with President Kérékou, President Mobutu and General Gowon, respectively, as an initial step; but prior to such a meeting, I would require his doing some-

thing spectacularly positive and concrete to show that he is exerting every effort within his power to combat Africa and the world of his sincerity in bringing a change to the unsatisfactory situation which now prevails in Southern Africa.

"African leaders realize how intrinsically the South African Government has been in the past and, accordingly, they now view Mr Vorster's action with great scepticism. This is the reason why I continue to insist that some meaningful change be evidenced before I take the next step."

With reference to aid, I would like to say that for the time being we should carry out the Divine injunction: "First seek the Kingdom of Heaven and its righteousness and all things will be added to you."

Nevertheless, I thank Prime Minister Vorster for the offer, but you can make it clear that we are not interested in any material assistance at this time.

Steve sent another message to Mr Botha on March 7. Please relay urgently the following message to your principal from my principal: "I have considered it timely to suggest to you urgently that you use your good offices to prevail upon Mr Ian Smith not to create barriers to solving the genuine search for peace."

In view of our talks in Monrovia which I can always cherish, I am emboldened to approach you and request your intervention and to implore you to give your maximum contribution in removing all barriers which are now being imposed in the path of just reconciliation in Zimbabwe."

Mr Vorster's reply to President Tolbert was telephoned to Steve by Mr Botha on March 14. I am authorized to report that Mr Vorster's reply was most to remove barriers to enable the parties in Rhodesia to resume meaningful negotiations and I have conveyed our own view at the highest level to the Rhodesian Government.

The message also quoted a statement to Parliament by the South African Foreign Minister. Steve transmitted the message to his telephone discussion with Mr Botha.

In my conversation with Ambassador Botha I emphasized your position that it is now their responsibility to take such action as would repair the serious damage done to your efforts as the result of the arrest of Mr Sithole.

He assured me that at the moment the situation between Vorster and Ian Smith is very critical. Details of which he could not give over the telephone but that Prime Minister Vorster wanted to assure you that he will leave no stone unturned to remove this and other barriers.

He realized fully the necessity for supporting action from them in order to strengthen your own position among other African leaders and assured further that maximum efforts will be made.

This letter, starting "Dear Bro Willie," was Steve's final message from England before he returned to Liberia. He died on April 28.

lesinger ning barrasses Sadat

May 19.—The climate
summit was overcast
y Dr Jan Schiesinger
ring that force might
to break any new Arab
rejo.
an officials described
ds of the American
Secretary as tactless
mely. The semi-official
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s report: "America
to the old tune of
to force."
Schiesinger's remarks
likely to embarrass
Sadat, already under
in the Arab world for
faith in American medi-
efforts in the Middle
East.

ers said that the
threat would increase
in the Arab world
the United States and
President Sadat's task-
force.

Sadat will meet President
Salzburg, Austria, on
and 2 and is expected
basize that the Arabs
tolerate indefinitely
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has been no public
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night reimpose an oil
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weapon. They have
d it with the American
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officials were
that Dr Schiesinger's
came at a time when
as been publicly coun-
moderation towards
and encouraging more
elements in the Arab
move towards peace-
nor help the Egyp-
tial said—Reuters.

May 19.—Mr
he Prime Minister of
paid a six-hour visit to
is today and later
to Amman. Govern-
ment sources said the
being taken to hospital.
The eight were arrested on
suspicion of being connected
with an explosion at the
Research Institute on South
Korean Economic Affairs on
April 19.

The police have been investi-
gating 10 other explosions start-

Opposition parties in S Africa to merge

Cape Town, May 19
Two opposition parties in
South Africa are to merge,
opening the way for what may
become a realignment of the
white political forces in the
Republic.

The merger is between the
Progressive Party, which has
seven members of Parliament,
and the Reform Party, with
five members who broke away
from the United Party, the largest
opposition grouping, in
February. The national execu-
tives of both parties have
agreed to the merger and it
is expected to be ratified by both
party congresses.

With the differences be-
tween the ruling Nationalists
and the United Party becoming
increasingly intractable, the new
party is expected to be a rallying
point for the merger and it
could provide a viable opposi-
tion to the Nationalists.

After a decade in which
it was represented in
Parliament only by Mrs Helen
Suzman, the Progressive Party
won seven seats in last year's
election, demonstrating that it
could provide a viable opposi-
tion to the Nationalists.

The five Reform Party
members were on the left wing
of the United Party, and left it
or were expelled after a
lengthy battle with the tradi-
tionalists.

Announcing the merger deci-
sion, Mr Ray Swart, the na-
tional chairman of the Progressive
Party, said that he was "absolutely
satisfied" that the
agreement with the Reformists

had involved no watering down
of his party's principles. Mr
Harry Schwarz, the Reformist
leader, said that the merger
would enable the creation of a
"new political dimension in
South Africa."

The new party's policy has
not yet been stated but it is
understood to be unequivocally
against apartheid.

Taking into account the
advanced state of the Govern-
ment's African homeland
policy, the new party will be
committed to the view that
there should be a complete
realization of power in favour
of self-governing states, these
states should be geographically
whole and should not be
racially exclusive.

If the merger is completed
successfully it is likely to
create a more effective de-
fence of the left wing of the United
Party while the ruling National-
ists may attract defectors
from the U.P.'s right wing.

The Government continues to
have been set in motion during
the past six months.

Sir de Villiers Graaff, the
leader of the United Party, poured
scorn on the new party's
prospects today. He
told those who had given the
Reform Party their support
withdrawing it before it dis-
appeared "over the precipice
hundred splinter parties since
been the fate of more than a
dozen."

Tokyo anarchist case man dies while being questioned

Tokyo, May 19.—A 27-year-old
man, one of eight alleged anarch-
ists arrested today, died after
collapsing while being ques-
tioned, police said.

The arrests provided a start-
ling police for further investi-
gations into a series of bomb
attacks since August 1968, the
police said. Five men and two
women were arrested in Tokyo
and another woman in Sendai,
northern Japan. All were aged
between 24 and 27.

Police said one of the men,
Nobuo Kato, collapsed while
being questioned and died after
being taken to hospital.

The eight were arrested on
suspicion of being connected
with an explosion at the
Research Institute on South
Korean Economic Affairs on
April 19.

The police have been investi-
gating 10 other explosions start-

ing with a timebomb attack on
the Mitsubishi heavy industries
headquarters in Tokyo on
August 30 last year in which
eight people died and 288 were
injured.

An organization calling itself
variously "The East Asia Anti-
Japan Army," "Wolf," "Fang," or
"Scorpion" has claimed responsibility for all but
two of the explosions.

Other Japanese firms attacked
have included the Mitsui com-
pany and three leading construc-
tion firms, one of which is build-
ing a dam in northern Malaysia.

The April 19 explosion almost
coincided with a blast at a metal
manufacturing company in
western Japan which exported
to South Korea. Both the com-
pany and the research institute
received letters from "The East
Asia Anti-Japanese Armed
Front"—Reuters.

Miner killed in S African colliery riot

Johannesburg, May 19.—One
man was killed and 20 injured
when African mineworkers
rioted last night at a colliery
at Witbank.

Colliery buses were stoned
and a workers' hostel set on
fire. A policeman who died was
apparently suffocated by smoke.

About 100 Basotho miners
were involved in the hour-long
riot, a spokesman for the mine
owners, Anglo American, said
today. He could give no reason
for the riot, there had been no
inter-tribal clashes.

More than 130 miners have
died through violence at South
Africa's gold, coal and
platinum mines over the past
two years.—Reuters.

Correction
The caption of a photograph
which appeared in The Times
on May 14 incorrectly identified
Mr Teng Hsiao-ping, the Chinese
First Deputy Prime Minister.
He was standing on the left of
the photograph, not in the
centre, as stated.

Destinians pave the way to Geneva talks

Paul Martin
May 19
Leadership of the Pales-
tination Organization is
expected to take steps
aimed at paving the
way for its entry into the
East peace actions.

The PLO has already accepted
a PLO of a Palestine state on
the West Bank and Gaza, but it
opposition from militants
a political price it would
pay to achieve it.

new move, which is to be
a meeting of the PLO's
Council, in Damascus.
It is confident that he can
through his proposals to
the Geneva conference
arise the aim of an in-

dependent Palestinian state. He
is counting on support from
Palestinians who have been
living under occupation, and the
support he has received from
this "vote" after the Rabat
summit conference decision.

At its last meeting almost a
year ago the PNC set up the
framework of Palestinian par-
ticipation in peace moves and
the establishment of the Pales-
tination national entity. The
council was to have met again,
but the meeting was postponed
for fear of a widening of the
split between the moderates and
those who oppose any peace
moves.

Now the present council has
completed its three-year term.
Mr Arafat intends to use this
opportunity to inject the West
Bankers and those from Gaza
to swell the ranks of his sup-
porters. He is also able to point
to growing pressure from the
PLO's Arab and international
allies to take the necessary de-
cisions in preparation for the
reconvening of the Geneva
talks.

During his recent visit to the
Soviet Union, Mr Arafat was
urged to form a provisional
revolutionary government. This
idea was pointed out that
this was a necessary step for
PLO inclusion in the Geneva
talks. They also promised im-
mediate recognition

Similar advice has been com-
ing from President Sadat of
Egypt, who has expressed to
PLO leaders his confidence that
once this happened the United
States would be willing to talk
with the Palestinians. Last
week, during a Palestine dele-
gation in Tripoli, the Libyan
Prime Minister, declared in the
presence of Mr Arafat that the
PLO had come of age and must
now establish a revolutionary
government.

Mr Arafat and his colleagues
are reluctant to accept this be-
cause of the political dangers in-
volved. They would have to
commit themselves to mat-
ters of present and future aims,
and what would be acceptable
at Geneva would be political
suicide in the camps where the
guerrillas draw their most mili-
tant support.

However, it is clear that the
PLO is moving in this direction.
It became obvious when Mr
Arafat visited Moscow after the
Russians had publicly declared
their willingness to guarantee
the state of Israel inside their
borders before 1967. This prin-
ciple having been established,
Mr Arafat then accepted Soviet
support for the creation of a
Palestine state in the West Bank
and Gaza.

During the Moscow visit, Mr
Zuhair Mohsen, the head of the
PLO's military department, de-
fected from the delegation, de-
claring that the Russians had
made a great blunder in offer-
ing to guarantee Israel's secu-
rity.

More vociferous criticism of
Mr Arafat and his delegation
came from the radicals who
regard Geneva as a sell-out.
None the less, the support won
by Mr Arafat for the establish-
ment of a PLO authority on the
West Bank and Gaza, and for a
full and equal voice for it at
Geneva, has earned him a
measure of praise.

The moderates also are con-
cerned at the ambitions of King
Husain, despite his acceptance
of the Rabat decisions. During
the King's recent visit to Wash-
ington, the PLO leader stated that
he was on the verge of some sort
of deal with Israel which would
cut them out.

Thus, in making his case for
a "courageous decision," Mr
Arafat can point to the dangers
involved in continued procrasti-
tation. Like President Sadat,
he will argue that it would be
reasonable to reject the unfurl-
ing of the Palestine flag on
one half, one centimetre of
Palestinian soil.

USA
LONDON
TEHRAN
PEKING
TOKYO

Last year
Peking & Tokyo.

NEW YORK
LONDON
TEHRAN
PEKING
TOKYO

This year, New York.

[From May 29]

New Yorkers will see the 'Homa', ancient Persia's legendary bird, five times weekly on the tailplanes of Iran Air's all-Boeing fleet.

Our 'Homa' network now embraces places as far apart as New York, London, Tehran, Peking and Tokyo. Ultra modern Boeing comfort and sky high standards of passenger care are helping to make Iran Air one of the fastest growing names in the airline world. Your travel agent has our latest schedules, or contact Iran Air at 73 Piccadilly, London W1. Tel: 01-491 3656 or 17/25 Sloane St, SW1. Tel: 01-235 8127/28.

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New York, London, Paris, Frankfurt, Vienna, Geneva, Zurich, Rome, Moscow, Athens, Istanbul, Tehran, Abadan, Baghdad, Kuwait, Bahrain, Abu Dhabi, Dhahran, Dubai, Doha, Muscat, Kabul, Karachi, Bombay, Peking, Tokyo. Also sales offices in Beirut, Milan, Hamburg, Los Angeles and Houston.

Fashion



Face to face with the scar on the soul

"They build rehabilitation centres for drug addicts and they pay people to go around giving advice on contraception. Yet these are self-applied abuses. There's no money. It seems, for research into the effects of disfigurement, though nobody asks to be born with a birthmark and nobody asks to get maimed in a car smash.

"The DHSS spends a fortune on seat-belt advertising, and telling mothers not to let their children play with matches, but what about care after the damage is done? The doctors cure the immediate hurt, but the secondary hurts, the hurts to the personality are not their concern—they're no one's concern because they're not terminal. The little girl cornered by the savage dog—her injuries are healed, but what about coming to terms with being ugly? Television has highlighted the increasing hazard of just such packs of wild dogs on housing estates, but who bothers about this child turning in upon herself or society because of how she

looks? And the injuries can be terminal. Many suicides are caused by quite trivial disfigurements. Perhaps it is people who are absolutely grotesque make one huge adjustment—or go under—but to be just slightly different from the rest is terrible. You keep thinking, why me? And you feel inferior. Society makes you feel inferior, even if it is not so much how society reacts to you as how you feel it reacts to you.

"It's very hard not to sense an anti-reaction when most people's first visual fix is so important. Think of a court; if you look young and sweet and innocent you're more likely to get off than if you look dark and saturnine and have a scar. It's natural process. When a baby is born badly disfigured it is just as important to teach the parents how to cope with that disfigurement as it will be to teach the child how to cover it up, because the attitude of the parents will colour that child's whole environment. Of course, camouflage cosmetics are important because they mean that the mother can take the child out without fear that the neighbours will stare, or pity, or think she ill-treats the baby.

"Parents' reactions are crucial—we had one little boy who tried to shave off his birthmark because he knew how much it upset his mother. But camouflage is only Sunday Best Clothes, something you put on because it is understandable to want to conform to ideas of appearance

in the world's eyes, but you have to be able to live with the fact of the disfigurement. One of the problems with the improvements in camouflage materials is that many people can really conceal their birthmarks or whatever. So now, instead of hiding behind the door, they hide behind their makeup, which is dangerous because even people who live with them do not understand how they feel inside because the marks are gone.

"It does seem strange that no one has costed the price to society of people who disrupt or reject that society because of a physical handicap. Yet we have found there are many case histories of adolescents, particularly—that is when appearance begins to matter so much—who are violent or disruptive because they feel themselves odd.

"Is it harder for a man than a woman to be disfigured now that women, with the Pill, have become so much more the choosers in physical relationships? Women have always had the advantage that it is accepted that they use all sorts of makeup anyway, but the attitude towards men wanting to improve their appearance has advanced. Just as it is now, at last, quite fashionable to admit that a lipstick can have a therapeutic effect on a neurotic woman.

"One of the most important things for a person with a disfigurement is to meet someone else who is similarly hurt, and for their

families to meet. They'll find they're needed by that other one. Being needed, as opposed to always needing, is tremendously important to self-confidence. We try to introduce families to each other.

Thus, much compressed and rudely translated, runs the philosophy which has kept Doreen Savage and her husband, Peter Trust, in work which has proved spectacularly unprofitable in the material sense, whatever its rewards to the spirit of these two dedicated people. After 12 years of struggling to reach across to people who are physically disfigured, not only by introducing them to new and quite original methods of actual camouflage but also by pioneer work in trying to bring such people to come to terms with their ugliness even when it is uncovered, after being dismissed as a mere beautician, after operating clinics in hospitals whose value the specialists so much more the choosers in physical relationships? Women have always had the advantage that it is accepted that they use all sorts of makeup anyway, but the attitude towards men wanting to improve their appearance has advanced. Just as it is now, at last, quite fashionable to admit that a lipstick can have a therapeutic effect on a neurotic woman.

It is not even on a shiny May day, this is carrying self-sufficiency too far. But what is the alternative? Encouraged to found some official body which might be easier for the myopic state system to pick out

than a mere individual, the Trusts formed the Society of Skin Camouflage. Running it without help, writing, drawing and printing its monthly newsletter *Talkabout Camouflage*, which they see as a friend through the letterbox to all sorts of afflicted people but which from a circulation of 2,000 (remember postage and stationery costs) only boasts a quarter of that number of paid up subscribers, has demolished the small capital they inherited: I daresay it might well be argued that they are too idealistic to be providers, and that they regularly allow their enthusiasm to override their business efficiency. But then so too do most of the truly creative and original people I know: indeed, it is a criterion accepted in the textile trade that you get nowhere without management.

Should Doreen therefore join up with a drug house or a cosmetic manufacturer, both of which are now showing interest in what they see as a potentially profitable field—if the need for cosmetic camouflage becomes accepted, it could be on prescription from the DHSS and customers could be spending £20 per month for ever.

But to be thus allied is, says Doreen, like having occupational therapists trained by the toy-makers. What pioneers ever had any professional backing anyway? Physiotherapists and osteopaths were re-

garded as just as fringe once, and think of all the areas of alternative medicine, from acupuncture to Reiki, which are now practised

Meanwhile, the NHS dispenses tons and tons of expensive antidepressant pills to patients who, who knows, are concerned by the strawberry mark on their cheek. Dr David Owen, who appears to have been uncharacteristically out of sympathy with Doreen's Trust's efforts, has announced that from July women will be able to get free advice and contraceptives from most general practitioners. No cost to the nation was quoted in the report I saw for this service, which in any case, ranks in my book with the efforts of the textile industry to impose restrictive quotas on competing imports rather than grasp the nettle of recession.

I should have thought it was a cliché nowadays that contraceptive propaganda reaches everyone except precisely those who should be under any circumstances be reproducing. In fact, Professor Miller's letter to *The Times* last week made the terrifying point that we are now as a nation so biologically insecure that we are not even replacing ourselves.

Of course the calls on state money are endless, but must it always be so unimaginatively deployed? Must intervention in the textile trade always take the form of cries for protection once the situation, due much to our own incompetence, has

Above left, Doreen and Peter in Perthshire. The conditions under which they are forced to work are more important work she is doing for the community is so anxious to serve. Above right, part of Doreen is covered with a birthmark.

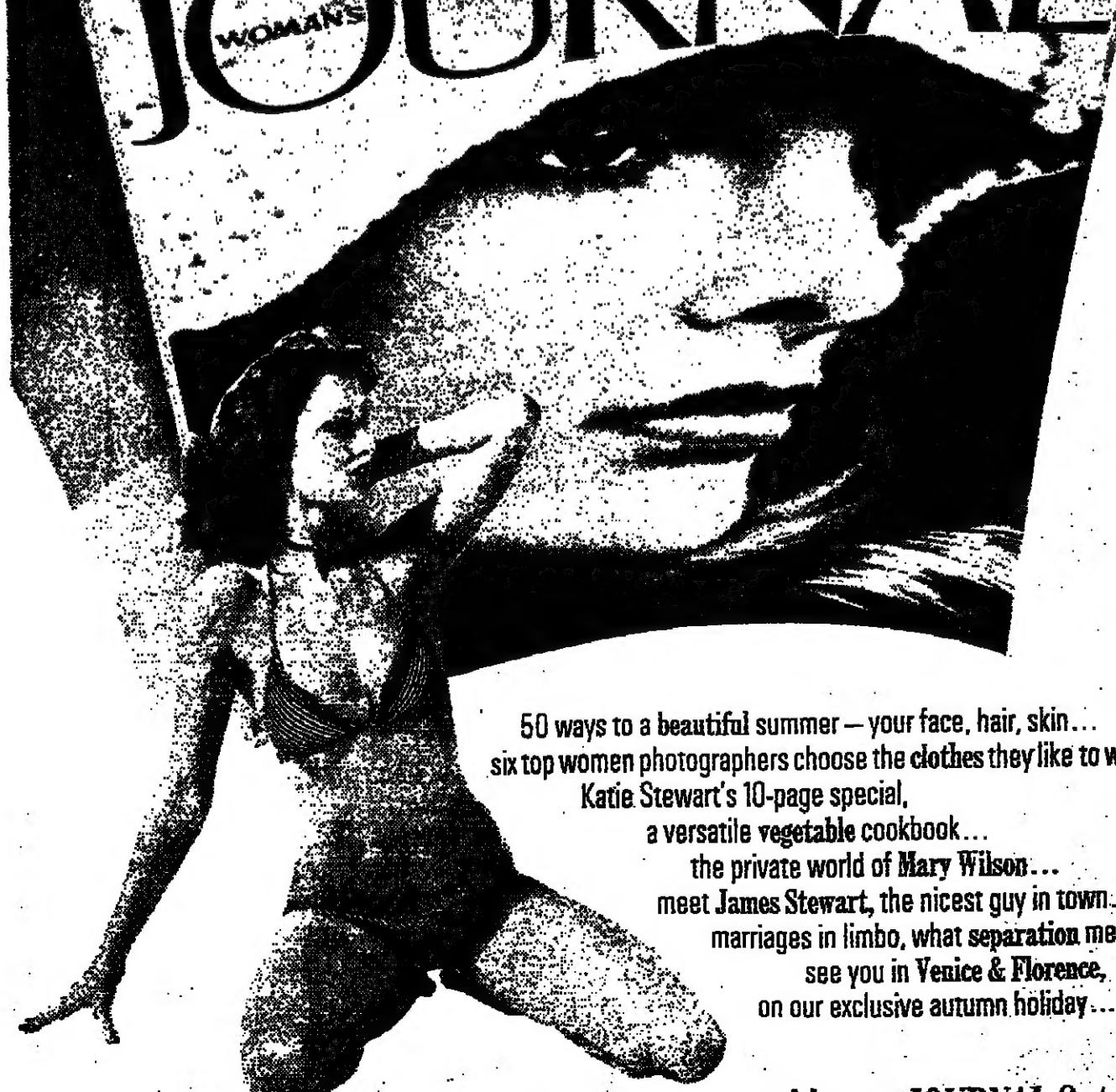
Photographs by Richard

deteriorated to an almost level.

Mr Deakin, I think it was saying on television last night that we should be Range Rovers and Leyds and tractors and high quality and fashions abroad; and we should, but you do creativity except with one motion: Must the health serve only the healthy man medicine, never the entrep- fringes? Must it in other always be too little and never deal in prophylaxis? course unqualified to it Trust on medical grounds human ones, the ones on much of health depends, to remember anyone mor- sive.

Anyone interested in the camouflage work of Doreen Trust should write to telephone) at Wester Pitts Auchtermuchty, Fife, Scot please enclose a stamped envelope.

Captivating JOURNAL



50 ways to a beautiful summer — your face, hair, skin...
six top women photographers choose the clothes they like to wear...

Katie Stewart's 10-page special,
a versatile vegetable cookbook...
the private world of Mary Wilson...
meet James Stewart, the nicest guy in town...
marriages in limbo, what separation means...
see you in Venice & Florence,
on our exclusive autumn holiday...

For a woman like you JOURNAL Out now

Would the rest of the world please note?



More talent from Scotland—Christopher McDonnell this time, who with that unerring instinct for getting out and doing something somewhere else which seems to characterize Scots, has seen his fashion business grow from a small boutique affair to a major manufacturing enterprise owned by a group, Haw Par, whose personnel were originally with Slater Walker.

Christopher McDonnell clothes are manufactured now by Mandarin Textiles in Hongkong; indeed, they have been used to spearhead the new quality concept of the colony, and since the London showing in April they have been touring the world.

The great strength in McDonnell styling is in day clothes which are both luxurious and casual, that sort of international look which on the whole the competition on the other side of the Channel does better. These two outfits, from the autumn range, illustrate this quality of the carefully carved art of putting things together, which, however time consuming, is still the basis

of high fashion just now and are precisely the sort of high quality clothes which we could sell abroad... if only we knew we made them.

Details of clothes available in August from: Christopher McDonnell Showroom, 41-42 Eastcastle Street, London W1. Tel: 637-3

Photographs by Richard

Bring a little decadence into your affairs

Experience the elegance of our exclusive lingerie. See the new season's collection in our colour catalogue. Send us 60p and we'll let you into our secret.

Janet Roger
33 Southwick St.
London W2 1JQ

Procedure must move with changing trend

Religion to be no job

LORD BELSTEAD (C) said that the line in Northern Ireland between hope for better things and the possibility of tragedy remained paper thin, but threw proposals could tip the scales towards a better future.

do not end selection in school

Today at 2.30: Limitation Bill, rev. stage and third reading. Policyholders' Protection Bill, committee stage.

House of Commons

Today at 2.30: Finance (No 2) Bill, committee stage.

Opposition repeatedly said that they needed an independent inquiry, not in an atmosphere of criticism, but of information so that they could know which way they should go with education.

There were 2.5 times as few working-class children.

They expected a vote to achieve.

There are (advantages which) have been taken for granted.

Administration

MR PERDIE (Isle of Wight) said

from on any increase or decrease to a customer if the rental contract provides otherwise, but section 42 of the 1972 AC requires that contract prices should be adjusted to take account of changes in the rate of inflation. The AC also requires that the rate of inflation would know where they were. He hoped Mr Premiere would look at this.

MR DUDLEY SMITH (Warwick and Leamington, C) said Mr Prem-

[illegible]

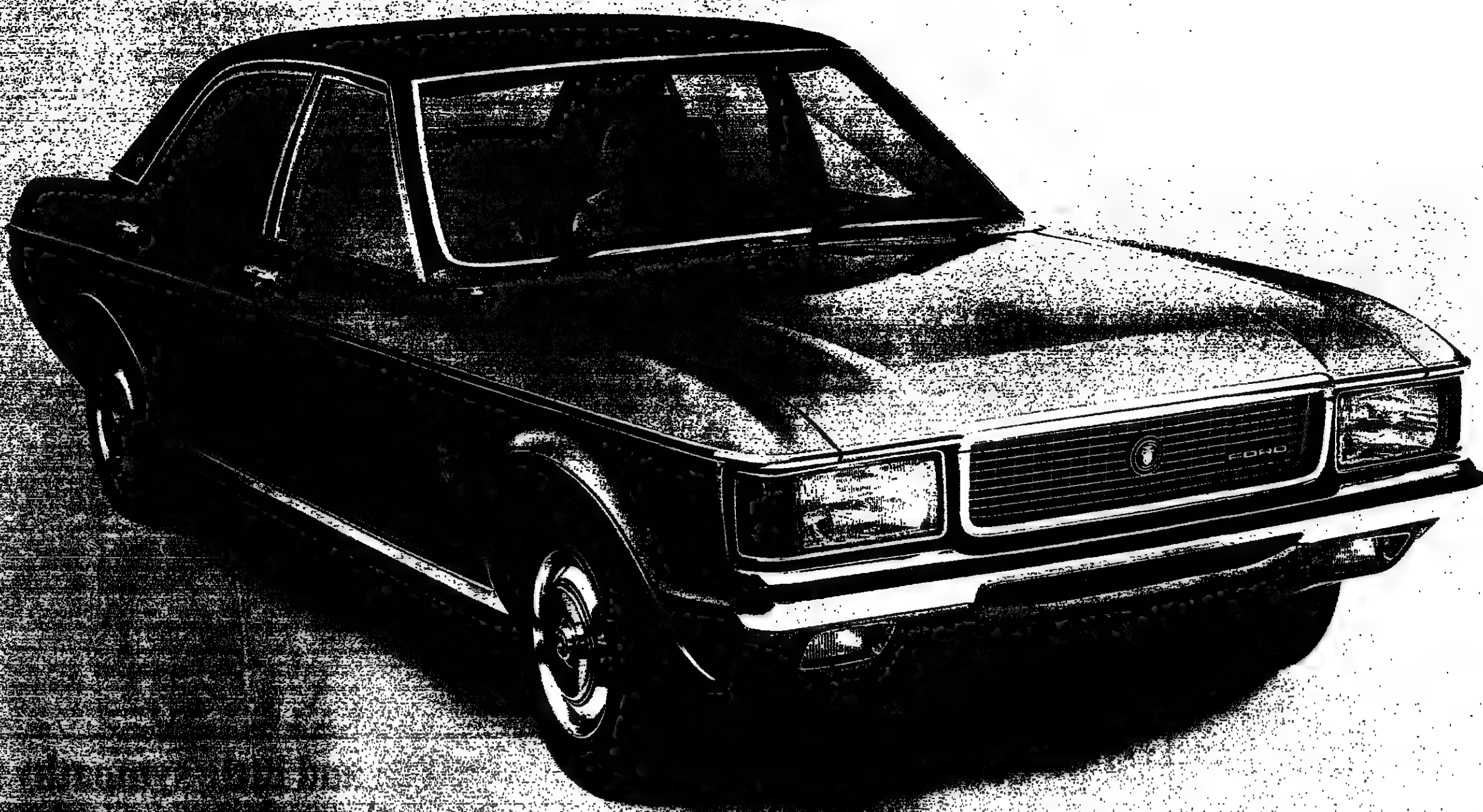
The Trade Union, Labour, Co-operative, Democratic History movement must know where it is going to know where it is going to

As the last lots in the group came up, the competition apparently became determined to make him pay for the privilege of acquiring the complete set. A group of 30 unscrupulous Americans, mounted Nepalese ritual swor the seventeenth or eighteenth century.

At Christie's, bidding was active in a sale of Italian major and Continental pottery. A large collection of Italian pottery was sold for \$100,000.

The maximum size of the field measured on the latest encounter was four times that measured last time.

[illegible]



It comes as a comfort if you have to sell the Rolls.

Life seems to be getting even tougher at the top.

A couple of Mayors we know have had to pension off their Daimlers.

Film stars and businessmen alike have traded in their Jags and Mercedes.

And now even the odd Rolls owner is having to part with his pride and joy.

Where are they turning for consolation?

We're delighted to report that many of them are turning to our Ford Granada Ghia.

You see, the Granada Ghia manages to keep them in the style to which they've been accustomed. Yet it costs about £1,000 less than some of its prestige rivals.

That could cover your petrol bill for the next two to three years.

Better still, the Granada Ghia will save you money every time you drive into a garage. Ask 'Motor' magazine.

They tested the Ghia and some of its competitors and came up with these figures for overall fuel consumption.

Ford Granada Ghia, 19.4 mpg. Jaguar XJ6, 15 mpg. Fiat 130, 14.4 mpg. Mercedes 450SEL, 14 mpg.*

But to make these savings do you also have to make sacrifices?

Not as many as you might think. For a start,

you'll still be driving in an atmosphere of peace and seclusion.

The Granada Ghia's interior is lined with soundproofing. Then faced with the same cloth that covers the seats.

You won't be disturbed by a noisy transmission. The automatic is so quiet you'll have to keep an eye on the rev counter to catch it in action.

Nor will you have to forfeit deep-pile carpet. Or heavy underlay.

You'll still have door cappings and facia of real wood. Admittedly, it's not the stuff found in a Silver Shadow. But it is real walnut, from a forest, not a factory.

You'll still have performance.

Ford's 3-litre V6 engine will take you from 0 to 60 in just 10.5 seconds. Top speed, 110 mph.*

You may be wondering if the motoring press shares our enthusiasm.

'Autocar', rarely generous with its praise, had this to say in one of their Test Extras.

"By comparison with some other cars in a similar capacity class, the Ford Granada Ghia offers truly exceptional value and comfort."

We hope their opinion at least persuades you to take one for a test run.

If it doesn't, perhaps your accountant can.

GHIA 

The case for a new, written constitution

**It would be desirable to limit the rights
of one group holding
the rest to ransom over wage claims**

Chief information officers of the nationalized industries together every three months to discuss any problems which arise. "I don't know what to do when the chairman is handed over a road by the Pedestry Society. They have been in their recent gathering at the Royal Albert Hall," said the oldest of our state officers, Buckingham Palace.

the nationalized industries together every three months. They have been joined at their recent gatherings. Ronald Allison, press officer of the oldest of our state industries, Buckingham Palace.

tution

ensions and retirement

gest run in Commons

Oldfield and manager, ve director, veries just

There are many who feel that the average figure itself should be greater. The Confederation of British Industry called for it to be 8 per cent; a summary of the Bill produced by Harris Graham & Partners showed that contracting-out was not financially worth while in respect of women and for men only where they were under 25 and earning £3,200 a year (there will not be too many occupational pension schemes with this sort of membership). In a booklet issued by Noble Lowndes & Partners a fear was expressed that many companies may find themselves under pressure to contract-out because of the unfavourable tax treatment of employees' contributions to the state scheme—where they would otherwise be ill-advised, financially, to do so.

Add to this the problems caused by the "alternative test" for contracting out. A benefit must be provided equal to an eightieth of final reckonable earnings for each year of scheme service (it is not even clear at the moment that the calculation starts only at the point of contracting-out), or an eightieth of average reckonable earnings for each year of scheme service uplifted against an earnings index, provided that the benefit is at least an amount equivalent to the amount which would have been earned had the employee not been contracted-out (ignoring the best 20-year rule). This is known as the guaranteed minimum benefit.

It will be seen that the dangers of runaway inflation without commensurate investment return are enough to deter all but the most determined trustees. As the Government has asked the government actuary to assume a positive rate of return on investments of 1 per cent a year the idea has been suggested that the Government should make available an index-linked bond which would do exactly that and make it available to trustees at least up to the level of their contracted-out liabilities.

At the start of the scheme there will be no problem of part service benefits. On the contrary, past service benefits already built up may count towards the guaranteed minimum benefit. But as the years go by any failure to meet any of the government actuary's assumptions

in a contracted-out scheme will build up into a past service "drag". The situation would be analogous to offering a drowning man more and more thick woollen sweaters to wear.

So we come to the second transformation scene: contracted-out schemes will have the choice of providing (as in the White Paper) escalation of the deferred benefits of leavers in line with the wages index or (improvement?) escalation at the rate of 5 per cent a year, plus a cash payment to the state scheme in order to provide, presumably, the other 3 per cent a year assumed by the government actuary.

To have increased deferred pensions in line with earnings would have been an insurable risk and no prudent trustee could have exposed a private fund to this condition. Leaving aside the very real psychological bias in favour of those who stay until normal retirement date and against the early leaver, there are a number of financial facts to be considered.

First, once an employee has left an employment no further contributions are generated in respect of him; the buoyancy of this new money which has been the strength of occupational pension funds, is not present in such cases. (The same situation is true where a whole scheme is wound up, may be because the sponsoring company can no longer support the scheme.)

Second, increases in the earnings index at a rate greater than that assumed by the Government Actuary could mean, in the ultimate analysis, that the benefits of full-service members would have to be reduced to accommodate increases in the benefits of short-service leavers. (This is particularly so if the scheme is wound-up and/or the sponsoring company is in financial difficulties.)

Third, it has been variously estimated how many jobs an employee may have in a full career; four would seem to be a reasonable guess. This would mean that by the time the Social Security Pensions Act came into full force the average contracted-out scheme would have twice as many deferred leavers as members.

The whole problem of leavers is compounded by the interpretation by the Occupational Pensions Board that



Chris123 Truston

a Special Report to mark the National Association of Pension Funds' annual conference which opens tomorrow

Partnership a way to reform

by Derek Fellows
group pensions manager,
Prudential Assurance
Company

Provision of retirement benefits through occupational schemes is much more extensive in the United Kingdom than in most other EEC countries. In those countries state pensions have a more important role to play. Notwithstanding the wide coverage achieved by occupational schemes in the United Kingdom a significant minority of pensioners has to rely on supplementary means-tested benefits and a similar situation is likely to persist in the future unless some material changes in state benefits, and costs, are introduced.

How to make such changes without seriously encroaching on occupational schemes and on the facility for investment which they create has been a dilemma facing successive governments over many years. The various plans which have been tabled for pension reform have attempted to solve the problem on a partnership basis by allowing a facility which, with few exceptions, is not permitted in other countries, namely an opportunity for occupational schemes meeting certain minimum standards to contract-out of at least part of the state benefits.

The recent Social Security Pensions Bill allows for contracting-out in respect of state pensions. The main benefit requirements for contracting-out purposes are that the occupational pension, from age 65 for men and 60 for women, must be based on final salary (or, as an alternative, average salary revalued in line with the growth of earnings generally) at the rate of at least 1.25 per cent of pensionable salary for each year of service; also that the scheme must provide a guaranteed minimum pension (gmp) to a member which represents approximately the additional component the member would have earned in the state scheme if not contracted out (which component will reach the full rate of 25 per cent of relevant average earnings after 20 years). In addition the occupational

always be the legal widow, consider the case where she deserted her family many years before the member's death and the member had eventually created a new home with a common-law wife and perhaps a second young family. Under the Bill the trustees would be bound to seek out and pay the legal wife and could not use the contracted-out benefit to pay the real dependants.

The Bill does have an error in it, and I have been assured by the Minister that it is unintentional. It states that a pension must be provided for a widow equal to one half the member's pension, whereas the White Paper stated (and the intention is) that it should be one half of the guaranteed minimum pension. Mrs Castle confirmed this (Hansard March 18, 1975, column 1497).

After fiddling about for a decade and a half, the plan is that the Bill should be rushed through and the regulations issued before the end of the year. It has been suggested that the starting date should be in April, 1977. This would be only a year or so after the complete facts are known. There is no doubt that this would lead to a chaotic situation or there would be little contracting-out in the private sector.

This is because administrators of schemes would find it physically impossible to go through the necessary, time-consuming hoops. (The Social Security Act 1973 preservation requirements

have not yet been embodied in more than a handful of scheme rules and yet the provision came into force on April 6, 1975.)

The occupational pension fund movement has maintained a forward-looking view for half a century and the Government would be better advised to encourage benefit improvements and extension of membership in a realistic way rather than force through a take it or leave it Social Security Pensions Act which would require a complete indexing of contracted-out benefits just at a time when inflation has reached a dangerously high level.

Let us have more people on stage (perhaps at the outset with not too many lines) rather than see the safety curtain come down pronouncing an end of the show.

The occupational pensions movement, the most important element of which is the members themselves, regard the exercise of the trustees' discretion as extremely important. In 85 per cent of cases where there is a standard family situation, that discretion is exercised in favour of the widow (and children, where appropriate) payable as the circumstances demand as a cash payment, a pension or a combination of these methods. In the other 15 per cent of cases there will be no widow or the legal widow may not be dependent, or she may be only one of two or more people dependent on the member.

But for longer service leavers the pension must be preserved through a contracted-out scheme and revalued until pension age in line with the movement of earnings generally. Bearing in mind that the cost of inflation proofing for preserved pensions could become an intolerable burden to an employer, for example if his business were to run down, and that the security of the benefits for those still in service and even the solvency of the employer could be jeopardized, the need for an escape route was emphasized by the pensions industry in the discussions on the White Paper Better Pensions.

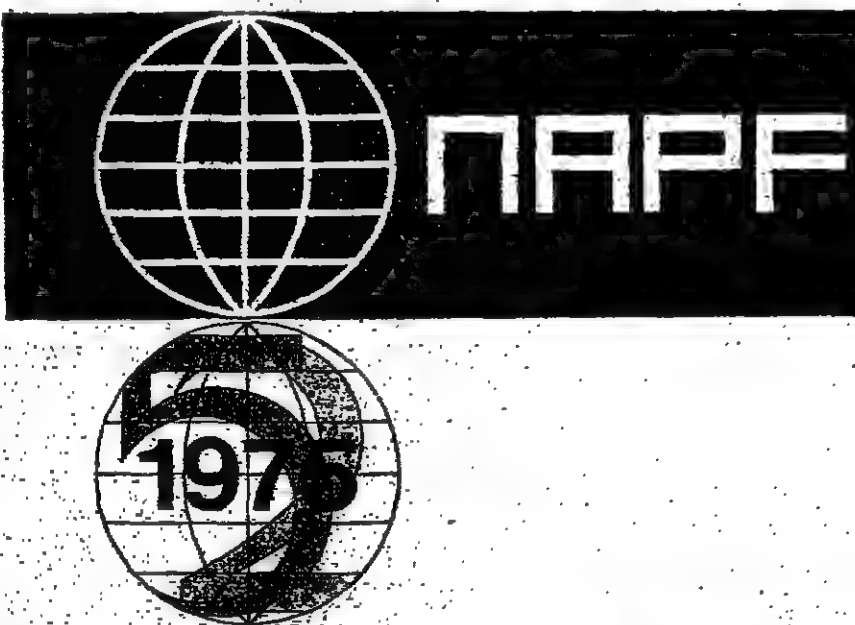
In the event, the Bill includes a provision whereby schemes will have the option of limiting their maximum liability for revaluing the gmp's of early leavers to 5 per cent for each year, subject to the employer making a once-for-all payment to the state scheme when an employee leaves. The state will then provide any balance of inflation-proofing. But further modification of the details of this arrangement may be pursued during the committee stage of the Bill.

On a wider front, recent levels of salary inflation, without accompanying real rates of return on investments, have led to a growing apprehension whether employers should take on an unlimited liability for

the effect of a reduced contribution in any year to those who contract-out. It throws an extra cost on the rest of the contributors, though in the longer run the benefits due from the state will be lower when today's contracted-out contributors themselves retire and the result may be more equality of cost between the different generations. So from the Government's point of view there is a delicate balance to be drawn between the needs of the state system and of funded occupational schemes.

In the Bill the Government proposes to allow an initial contribution reduction to contracted-out schemes of 7 per cent of the relevant earnings (which are between about £600 and £4,200 a year in 1975 terms): of this 4.5 per cent would apply to employers' and 2.5 per cent to employees' contributions. The net effect of a 7 per

continued on page 14



CAN YOUR ORGANISATION AFFORD NOT TO BE A MEMBER?

The aim of the Association is to promote interest in all matters relating to pensions and retirement and it is the only body in existence which represents the interests of all types of occupational pension arrangements, whether in the public or private sector and whether they are insured or privately invested. It represents the interests of both employers and employees and its overriding concern is the future security of today's employees and tomorrow's pensioners.

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by K. G. Weir
deputy chairman, Hogg
Robinson & Gardner
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Few people in the business community can have been more adversely affected by recent changes to the tax laws and national insurance arrangements than the self-employed. How necessary it is, therefore, for these people, and those in the proprietor category generally, to reappraise their financial position and in particular the adequacy of the provision they are making for their retirement and for their dependants.

It was the Finance Act 1956 which gave the self-employed, controlling directors and those not in pensionable employment the opportunity for the first time to set aside a proportion of their relevant earnings for the specific purpose of securing a pension and gain full tax and surtax (now higher rate tax) relief on their contributions. The sums so set aside had to be applied to a pension contract or other fund acceptable to the Inland Revenue, which in turn granted tax-exempt status to the investments underlying the contract, which meant that contributions to these arrangements could accumulate free of all taxes. Furthermore, the pension, which had to begin between the ages 60 and 70, was to be treated as earned income for tax purposes.

In effect, the self-employed, partners and controlling directors were placed on the same footing as employees in membership of a pension occupational scheme in terms of tax exemption on moneys they set aside to provide superannuation benefits. However, limits were placed on the amount of the annual contributions which could be applied for this purpose. It is well known that the number of self-employed people who took immediate advantage of the 1956 Finance Act changes was disappointingly small, probably for two main reasons: (1) because the extent to which contracts issued under the Act could provide protection for widows and dependants was severely restricted; also there was no option available to the policy-holder to commute part of his pension at retirement for a tax-free lump sum; (2) because of the natural reluctance on the part of the type of individual involved to segregate any part of his free business assets by way of provision for his own retirement when such sums might well be required at a future date to develop the business.

The Finance Act 1971 very largely remedied the first of these drawbacks by

extending allowable benefits for widows and by allowing the policy-holder to commute part of his own pension at retirement for cash. Also, to take cognizance of the general increase in earnings levels between 1956 and 1971, the 1971 Act increased the maximum contribution allowable for tax purposes in any year to £1,500, or 15 per cent of net relevant earnings for the year, whichever is the less.

For those born before 1916 the maximum is increased according to the year of birth; up to £2,000 or 20 per cent for those born in 1907 or earlier. Not unnaturally these changes had the effect of stimulating fresh interest in self-employed annuities and after 1971 more use was made by the self-employed, controlling directors and partners of this particular facility.

Because of the increased demand the insurance market has developed a wide variety of plans all taking full advantage of the tax provisions but offering different bases of investment to suit individual tastes. They range from the conventional profit-sharing contracts, through equity, managed fund and unit-trust-linked schemes to the latest plan which credits interest to contributions at a rate related to the interest rate on building society mortgages.

Perhaps, however, the introduction of the new capital transfer tax in the last Finance Act, with different rates of tax for lifetime gifts and gifts arising on death, will have the effect of encouraging the self-employed, and entrepreneurs generally, to change their existing and understandable habit of keeping as much of their capital as possible within their own businesses and relying on this to look after their retirement and to protect their dependants on

their death. If so, they should find the tax advantages of self-employed retirement annuities extremely attractive.

In late 1972 and early 1973 many controlling directors were persuaded to effect substantial whole-of-life insurance policies which, by virtue of a quirk in the law, enabled them to segregate substantial annual sums over the following eight to 10 years from the companies they controlled for the benefit of their own dependants. Such sums could not be set against the company profits for corporation tax purposes but by placing these moneys in trust there was considered to be no liability for estate duty on the proceeds of the policy at the time when the policy-holder died.

The 1973 Finance Act largely removed the purpose of such arrangements (commonly referred to as death-in-service policies) since after the passing of this Act controlling directors could be included in their own company pension scheme or in an individual arrangement designed to cover their special needs. The cost of providing pension and death benefits for them under such arrangements within the normal limits set by the Inland Revenue were for the first time allowable as a business expense.

As an added attraction they could also obtain the advantage of tax-free cash on retirement. Tax exemption on benefits paid to dependants was assured, provided those benefits paid in lump-sum form did not exceed four times the salary. As a result of the substitution of capital transfer tax for estate duty it is considered that it will now be necessary to review all existing death-in-service arrangements, other than those arising under approved superannuation schemes.



PUTTING THE NEW OFFICE BLOCK WORK FOR YOUR PENSION FUND

Rules of the game unchanged

by C. K. R. Nunneley
director, Robert Fleming
Holdings

"The game has changed" has become the most overworked phrase in the investment world, a convenient way of summarizing the confusion which most investors feel after the trials of the past three years. But the game has not changed, at least not yet, because here the all are still playing it. The pitch is wicked, the light is bad, the umpires are unpredictable, but the important rules which have always governed the investment game are no less valid than they were.

In such conditions one of the most important qualities is consistency. Of course, it must be right to be open-minded and fully conscious of change, and to adapt investment policy accordingly if necessary, but market fashions and movements must not be allowed to take precedence over well-defined longer-term aims. Although usually volatile, markets tend to make investors think in terms of greater activity and more changes of policy, they should probably do the opposite.

It is difficult enough to adjust sizable portfolios to changing conditions when market movements last for several months; when the movements are accomplished in weeks or even days, portfolio reactions on any scale become impossible. It is then more important than ever to establish a sensible longer-term policy within the framework of which short-term changes can play their proper role of refining, not distorting, the portfolio.

Like most investors, a pension fund is aiming for the maximum overall return in capital growth and income combined, after taking account of any taxes and other costs and after allowing for the varying degrees of risk on different investments. It is important to remember first, that this bears no relation to the actual rate of return, which is an artificial figure, and second, that any attempt to set a fixed target return is a mistake. Targets generally become unrealistic as conditions change, and a fund's only true target must be to earn as much as it can. That is rather easier to say than to do.

Granted that it is not possible in practice to rearrange a portfolio to suit every twist and turn of the market, the aim must be to concentrate investment in those areas which are likely to provide an above average return over a relatively long period. Then, partly by some switching between sectors and partly by deployment of the cash flow, it will certainly be possible to take advantage of short-term fluctuations to improve return.

Investment is sometimes induced by both trustees and managers that the choice of the broad areas in which the fund is invested has a much greater impact on performance than the choice of individual stocks. In order to make a large portfolio can honestly say that he expects to bear the index consistently by a large margin with his equity holdings; over the years he can build up a satisfactory credit balance in his favour by astute selection, but he will make his main impact on performance by the sensible reduction and expansion of his equity percentage at different stages of the market.

To this end the investment of a pension fund's assets must be highly desirable for its ability to change directly necessary.

It is generally thought to be a good principle to diversify a portfolio. That is in so far as diversification is used to reduce the risk to an acceptable level over-diversification can be harmful. Having too many investments, or a stake in many markets, means a decision and control.

The largest funds, however, have been the most successful in terms of marketability, and overseas has clear advantages as a means of participating in growth potential that is not available in currencies firmly based than sterling. There were no large current premium, and the greatest benefit for members, might have more of their assets abroad than in the United Kingdom; that is one of the reasons why the premium is so high.

However, it is not so simple to reflect the liabilities of a pension fund are all denominated in sterling, so that avoiding an exchange, however small, when the premium is so high, is a disadvantage. Besides, the fortunes of British funds are inextricably linked to those of the British economy and hence to the market, it is very difficult to avoid the effect of their long-term investment thinking, whether to invest in (which, in this broad context, includes property in fixed-interest and cash). The whole concept of the pension fund has been in question since the late 1960s.

There are indeed reasons to worry, but not to be repeated to the point of paralysis. The main reason is that the pension fund is a long-term investment, and its performance must be judged on a long-term basis. The pension fund is a long-term investment, and its performance must be judged on a long-term basis.

Clearly they cannot be wrong for ever, but inflation is running completely out of control. A pension fund must be sure that its investments are not being eroded by inflation. The pension fund must be sure that its investments are not being eroded by inflation.

There have always been pension funds which have a known track record, even if it is the rate of inflation must prove insufficient to meet their needs, then risk remains the only option. Whatever one thinks of the long-term economic arguments, it is a fact that this is a difficult approach.

Spreading the investment net

by G. J. J. Dennis
senior investment
manager, the Post Office
Staff Superannuation
Fund

The pioneer on investment and diversification was undoubtedly Markowitz, and since then there have been many who have followed his footsteps. Basically, the investment manager spreads his investment net widely in order to diversify risk in relation to a predetermined rate of return.

It is well known that, by having different types of investment, the expected returns of which are unrelated, its variance, and hence the distortions to which it is subject, can be reduced.

The extent of the reduction in the portfolio variance depends on the degree to which the expected returns from the different investments selected vary one with another. Increasingly, however, the investment manager is faced with an increasing number of variables which cannot be quantitatively assessed, and the subjective element creeping into investment assessment has undoubtedly tended to increase over the years.

The main areas for investment are: United Kingdom equities, United Kingdom fixed interest, overseas equities, overseas fixed interest, British property, overseas property, cash, and, more recently, objects d'art. It is important for the British investor to differentiate between United Kingdom and overseas investments because exchange control regulations in Britain present an obstacle to investing overseas which gives rise to additional considerations not faced by the investor concentrating solely upon Britain.

Most of these areas of investment tend to move out of phase and, by diversifying the portfolio to include different types of investment, the independent cycle in these different outlets tends to cancel out, with the result that the overall variance of the portfolio is reduced.

The pension fund investment manager is interested primarily in income flow, and at times this can be boosted by capital profits. However, if considerable trading in assets occurs, say in property, then the tax-free status of the fund may be in jeopardy. His objective must be to make a real return over and above the rate of inflation. At present this is difficult.

rate of return from any one type of investment. In the case of equities, for example, assuming that an equity portfolio is in effect being held to perpetuity, the long-term rate of return is given by the dividend yield together with the long-term rate of growth in dividends, although this rate of return can be improved by capital profits in the short term.

With the dividend yield on the Financial Times Actuaries about 5 per cent and assuming that the past 10 year historical growth rate in dividends of 5.5 per cent continues, the discounted cash flow (dcf) rate of return on equities in the absence of capital profits is a mere 12 per cent, considerably beneath the present rate of inflation and certainly not as attractive as the likely dcf rate of return on property.

This illustrates another important point: for the pension fund interested primarily in income stream the investment manager must vary his emphasis in accordance with risk and reward. He faces a very dynamic situation and must always be prepared to be highly flexible. A rational approach to this problem which enables emphasis to be changed rapidly, particularly for the fund with a high net cash flow, is to assess the expected long-term dcf rate of return on various types of investment regularly and then to allocate to each sector a weighting which reflects the degree of risk associated with each type of investment.

This must include subjective elements. For example, fixed interest will have a low risk but also a low rate of return relative to, say, some types of property investment where the dcf rate of return may be considerably higher but the risk element probably greater. Emphasis can be changed within the portfolio, although it is essential to ensure that the portfolio is still satisfactorily diversified to achieve a reasonable overall spread.

Overseas investments present a number of problems. The level of the premium at present is high and it is difficult to justify using this route. One important factor is the surrender penalties on the repatriation of sales proceeds.

The investment manager also has to contend with currency risks when investing overseas. In the case of long-term property investments there are also refinancing risks to be considered and the possibility that exchange rates may change adversely.

However, property investment overseas is still justifiable on a long-term basis, particularly in North America where yields are high and financing routes are available. A United Kingdom institution a positive rate of return from the outset on its investment.

Overseas portfolio investment through a back-to-back loan (where a foreign currency borrowing is supported by a sterling deposit) or straightforward borrowings have attractions, particularly when borrowing costs are extremely low, and the currency risk can be kept to a minimum by borrowing in the currency of the country in which it is intended to invest.

However, it is important to consider the "opportunity cost" of investing overseas. For example, a back-to-back loan will involve tying up sterling at a fixed rate for a given period in order to acquire an investment overseas. It may be possible to use the sterling more profitably within the United Kingdom without tying it down to a back-to-back facility and thereby improve the overall rate of return to the fund. The relative merits of overseas investments are clearly discernible when they are considered in relation to risk and reward in comparison with United Kingdom investments.

More recently we have seen funds investing in objects d'art as an outlet. This implies that the capital profit from objects d'art, when discounted back, will give a higher rate of return than most other available types of investment.

Objects d'art, in common with gold and other commodities, may oscillate violently in value in keeping with changes in taste and fashion and in accordance with economic fundamentals which affect propensity to consume and/or hoard.

However, an investment manager cannot take advantage of such oscillations by trading in objects d'art within the fund. Such investments, therefore, cannot easily be justified for a fund that pays no tax since, even at the present time, long-term money can still earn rates in excess of 18 per cent.

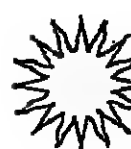
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ath benefit scene still changing

by Noel Pilch
Noble Lowndes

years hence is unlikely to play a significant part in any job decision.

The yardstick by which a young man will almost certainly measure the value of any company pension plan is, therefore, the protection which it offers to his wife and family. More than half the bridegrooms in this country are under 25, so the probability that men in that age group will have family responsibilities is fairly high.

Young women, too, may well have dependants—more often than is sometimes appreciated. There are no statistics available on dependence, but a common situation is that of an only son or daughter supporting elderly parents. The death of the breadwinner in such a household may leave the survivors in a far worse financial plight than a young widow who, if she has no children, may easily find employment or remarriage. Any pension fund manager can testify to the wide range of dependants encountered in practice—mentally or physically handicapped relatives, for instance, or the common law wife.

In one case an employee's wife had deserted him some years earlier and, after divorce proceedings had failed, he set up house with another woman. At the date

of his death they had one child, a cripple. A week after the man died his legal widow reappeared—it emerged that she had been living with another of the company's employees—and claimed the death benefit.

The trustees of the pension fund exercised their discretion, however, in favour of the woman, who was the mother of his dependent child. No state pension, on the other hand, could be paid to her as social security laws recognise no claim but that of the legal widow.

A notable feature of the history of occupational pension plans since the war has been the continual expansion in the scope of death-in-service benefits. Where these have taken the form of lump sums, the amount has steadily increased from one year's salary—the figure generally associated with the group life assurance schemes commonplace in the immediate postwar years—up to four times yearly earnings which is the maximum currently allowable by the Inland Revenue.

The development in widows' pensions has been equally remarkable. Many pension funds originally based the benefit on the member's accrued rights—that is, the years of service completed to the date of death—so that the pension if he died while still young was

small. Few plans outside the public sector follow such a pattern and widows' pensions are almost invariably based on total prospective service, future as well as past, so that benefits are adequate from the outset.

The situation on the death of a pensioner in retirement has also undergone a dramatic change. The traditional way of providing a widow's pension in such circumstances was for the member at retirement to give up part of his own pension in exchange for a deferred annuity for his widow. Such an option was a more or less standard feature of most pension plans, but experience showed that it was seldom exercised since most pensioners were unwilling to accept the necessary drop in immediate income.

Separate widows' pensions, paid for by the employer, therefore gradually became part of the retirement package and the Noble Lowndes survey showed that staff pension plans incorporating such a benefit rose from just under 20 per cent in 1970 to just under 75 per cent by the beginning of 1975.

The death benefit scene is still changing. Demands for widows' pensions are making themselves felt and the full impact of the current legislation is yet to come.

Actuaries: men behind the funds

by Max Lander

Behind every pension fund is to be found an actuary who is responsible for ensuring its financial health. It is the declared policy of both major political parties that the growth of good occupational pensions schemes should be encouraged. However, when one considers the large number of pension funds already in existence and the small number of actuaries who have to deal with them, the prospect is somewhat daunting.

The present idea of partnership between state and occupational pension schemes is bound to involve an increase in the complexity of pension arrangements. That complexity will be reflected in the application of actuarial techniques to measure and evaluate the financial position of pension funds.

Actuaries who are directly concerned with pension funds, one way or another may be divided into five groups. First, there are actuaries—about 150—in full-time consulting practice, a large part of whose working life is devoted to dealing with all aspects of occupational pen-

sion schemes. Second there are the actuaries employed by firms of insurance brokers or by firms of pension advisers who describe themselves variously as pension consultants, insurance brokers or employee benefit consultants, and these probably number about 50.

Third there are actuaries employed by life offices which engage in pension business. Some of this group will be working on the planning of pension schemes, others on the actuarial valuation of pensions and yet others on many different aspects of pension fund work.

It is very difficult to guess how many actuaries are to be included in this group. The total number of actuaries employed by the life offices in Britain is probably about 650. At a guess perhaps about 150 are engaged directly in occupational pension scheme business.

Fourth there are qualified actuaries who work as stock brokers or in merchant banks and some of these will be concerned directly with the investment of pension fund money.

Fifth are actuaries in the Government Actuary's Department, some of whom are engaged on work which has a pension fund content. The total number of actuaries in the government service is about 30, but few of these will be engaged directly on actuarial work in connexion with occupational pension schemes. Many members of

the Government Actuary's Department are, of course, concerned with the financing of state pensions.

Of these five groups, therefore, all the first group, and many of the second and third groups, are acting as pension advisers in the widest sense and are therefore directly and intimately concerned with the many problems that are treated in the different articles in this Special Report. In addition, they have to apply actuarial techniques to advise on funding rates and on the financial position of all the various pension funds in one way or another.

Clearly they will need to be men of the longest constitution over the next few years and are faced with a large work load which is not made less by the constant chopping and changing in government policy which has been experienced for far too long.

Other articles deal in particular with the dual structure of the forthcoming state pension arrangements and the major problem of dependent on the age and sex distribution of its own membership. These vary widely from scheme to scheme. Consequently, quite apart from considering the contracting-out terms in general, the actuary also has to analyse how each scheme compares with the average to see whether or not the contracting-out terms are attractive for it.

with contracting-out because one must first consider whether the occupational pension scheme can provide the relevant benefits for contributions lower than those remitted by government to those who contract out.

Occupational pension schemes are funded; the contributions of each generation of members are effectively invested to be used eventually to pay that generation's benefits, whereas the state scheme is pay-as-you-go, and there is no funding. It is one of the more important tasks of the actuary to advise upon the level of contributions required from time to time to meet expected benefits, the so-called "pace of funding".

The contribution abatement for members of contracted-out schemes has been fixed at a single rate regardless of the age and sex distribution of the members of a particular scheme. On the other hand the correct abatement for a particular occupational pension scheme is dependent on the age and sex distribution of its own membership. These vary widely from scheme to scheme. Consequently, quite apart from considering the contracting-out terms in general, the actuary also has to analyse how each scheme compares with the average to see whether or not the contracting-out terms are attractive for it.

Considerable actuarial problems arise in connexion with contracting-out because one must first consider whether the occupational pension scheme can provide the relevant benefits for contributions lower than those remitted by government to those who contract out.

Another serious problem for actuaries is caused by the present high levels of inflation. This has little effect on the state scheme financed on a pay-as-you-go basis; the Government simply increases both benefits and contributions with inflation. Income broadly speaking, income continues to match outgoings, provided the ever higher contributions are forthcoming. A funded occupational scheme has to find investments that will match inflation if the fund is not to suffer a real loss in value which in the end must be made good.

In the case of members leaving service the proposals now limit the increases that have to be borne by the occupational scheme to 5 per cent a year up to normal retirement age in pensions awarded to leavers, with the state providing any excess, plus the whole increase after retirement. However, a lump sum premium is to be charged to cover the excess in service, and at present its level is unknown. The position is not satisfactory and much uncertainty remains.

Many would justifiably argue that as inflation is subject to government control it is most unfair to force occupational funds to pay for inflation at all above a modest fixed level. This is because the Government has created a situation in which no inflation-proof or even inflation-matching investment can be found.

stitutions more discriminating in property finance in wake of bull market

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destructive for the future long-term health of that investment sector.

The market is now based on the long-term investor who wishes to make highly selective purchases. It will be some while before a large volume of funds is seen in this market, since most of the pensions funds and institutions have substantial forward commitments to meet for development projects, entered into a year or so ago. Inevitably, the way in which the scale of these commitments has increased through inflation has had much to do with the dampening of the enthusiasm of professional investment managers in committing further large sums to new investments.

The main area of activity now centres on investments of the £500,000 to £3m bracket. The institutions are also more discriminating than they have been for a

long time and the slightest blemish on an otherwise perfect investment would be sufficient to cause the buyer to lose interest.

The City, which only a short while ago had such tremendous appeal, has now lost much of its attraction since rents have fallen and the burden of rates and other outgoings are rising rapidly. Pension fund managers are obviously taking the view that there is now less likelihood of the rent of a city office block rising from £15 to £30 a sq ft over the period of the lease to the first rent review of a provincial office block let at £3 a sq ft doubling to £6. This is particularly so where, based on today's building costs, the economic rent of a building is about £5 a sq ft.

The prime shop investment let to a good tenant is also sought but the definition of prime is now much narrower than it was a little

while ago. Shop rents, in common with many office rents, have fallen and the appearance of vacant units in High Street positions suggests considerable caution to a pension fund manager.

It is noticeable that both offices and shops with large investments of more than £3m are less eagerly sought. The purchasers for such buildings are few and far between. Syndication is now once again being mentioned as a means of dealing with large investments. However, the problem with these investments remains and the fund has to accept a limitation on its freedom.

There is little evidence to suggest that an investor can sell out of a consortium or that a substitution can be easily arranged in such a syndicate. For the time being it has to be said that large investments are lock-ups and lock-ins. The terms for large investments must

reflect the reduced marketability attached to such an investment.

One area of the market where there appears to be little or no movement is in shop and office reversions. Clearly the rent freeze and the possibility of the introduction of long-term control on business rents did much to bring the market to a halt.

Now that this spectre has been removed it has been replaced by the uncertainty associated with an economic recession and a downturn in profits from all sectors of the economy. The problem, of course, is particularly acute where the reversion is dependent on the renegotiation of a lease since, if the tenant finds the rent too high then the landlord will have an empty building on his hands which, in present circumstances, might be difficult to relet.

Another factor which

clearly has a bearing on the scale of reversionary investments is the vendor's unwillingness to appreciate the risks which the purchaser will have to bear in the purchase of such an investment. Vendors still wish to cling to the hope of sale basis which will equate to the same sort of returns as are obtainable from a rack-rented investment.

In other words, if a rack-rented office building were to sell on an 8 per cent yield, the vendor would expect to sell a reversion on an equated 8 per cent return. It is doubtful whether the vendor would find a purchaser at 9½ per cent equated return in such conditions, particularly where there is a considerable disparity between the rent being paid and that accepted in reversion.

The development sector both for finance and the sale of development sites is

extremely difficult. The problem here is that the potential rewards from a successful development seem hardly sufficient to justify the acceptance of substantial risks which cannot be quantified.

First, with raging inflation on building costs, a developer or his financier will be unable to establish total capital commitment, or, for that matter, establish ways of limiting it as the development proceeds. Furthermore, with a slack demand any unexpected increases in costs during the course of the development are no longer guaranteed to be included in the ultimate rent at which the building should be let.

There is no evidence to suggest that rents are in any way following the movement of the increase in building costs. The other unknown factor is the likelihood of letting the building

on completion either quickly or at a rent which will provide an adequate return on the capital involved sufficient to remunerate the financier, quite apart from providing a margin for the developer. There are, of course, exceptions to the rule but not to any marked extent.

A few institutions still finance projects with a short development period and where the development is prelet. In the case of a construction period of six to nine months, as is the case with a warehouse or factory, the contractors are often prepared to accept a fixed-price contract. Given that a commitment has been obtained from a tenant, both the developer and the financier have a reasonable prospect of achieving their expected returns on completion of the project.

Variations on this theme have been in evidence of

late, particularly in the case of banks wishing to find some way out of a site which they appear to be locked in. Here, in association with the developer, whom they provided the initial finance, arrangements are made with a fund for the purchase of the investment on completion of the building works and lettings, leaving the banks to provide the building finance up to completion.

Obviously the risks are minimized, but a pension fund must take the view on whether it is in the market to acquire assets or a medium-term liability to take further property investments on board. However, if as is being predicted, there will be a shortage of prime quality investments in the course of the next two or three years, some funds might increasingly be prepared to accept this route to a property investment.

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Transfer of benefits in sight

by F. R. Langham

This is an auspicious moment to look at pension arrangements in Europe. Not only is Parliament considering the Social Security Pensions Bill but also the population is about to express its view on whether or not Britain should remain a member of the European Economic Community. Both of these will have important consequences for the future development of pensions in Britain.

An examination of pensions in Europe must start with state social security. Most, but not all, countries in Europe adopted originally the concept that the object of social security was to make compulsory provision against basic poverty, that is to meet basic needs, and that above these the individual should provide for himself. This led to the development of essentially flat rate state schemes.

However, many countries have changed their approach because of a mixture of rising expectations, changing political philosophies, the failure of individuals separately or in conjunction with their employers to provide adequately for themselves and the erosion of savings because of inflation. In many countries in Europe social security is now seen as a protection of standards established by the individual worker and hence the development of earnings-related state schemes.

Belgium, Germany, Italy, Norway, Sweden and a number of other countries have such schemes. In some of these countries the benefit levels, and consequently the costs as well, are very high. For example, in Italy the state pension for employees retiring in 1976 will be about 80 per cent of average final covered earnings (best three years out of the last 10)—covered earnings being all earnings up to a ceiling of 13.65m lire a year.

In Germany the maximum state pension is theoretically 75 per cent of indexed career-covered earnings (present ceiling DM33,600) but because the indexation is related to national average earnings over the three consecutive years before the year of retirement, the actual state pension as a proportion of final earnings can be much lower than the theoretical maximum.

Finland reacted to the various factors mentioned above in a different manner. State pensions remain flat rate but in the early 1960s legislation was introduced requiring employers to introduce occupational pension schemes. The minimum occupational pension is now 1½ per cent of final average earnings for each year of service after 1962 and 1 per cent for each year of service before 1962.

Recently a referendum was held in Switzerland giving the population the choice between introducing an earnings-related state scheme or compulsory occupational schemes. The population opted for compulsory occupational schemes and legislation to fulfil this is now being completed. The Netherlands, where the state pension is also flat rate, legislation on compulsory occupational schemes is expected soon.

France has tackled pension provision in a different way. State scheme benefits are moderate but it is compulsory for nearly all French employers to participate in one of a number of occupational schemes throughout industry. The standard financing technique is to make contributions to a fund known in Britain as pay-as-you-go.

Funds are not accumulated but benefits broadly match contributions. The system is extremely complicated because of the great variety of these schemes and in retrospect it might have been preferable for the French to have adopted a high-level earnings-related state scheme.

It is clear that the concept of the state providing only minimum benefits and relying on the individual to supplement them is fast disappearing. In Europe, governments have reacted by either extending state schemes or legislating for compulsory occupational schemes. In the United Kingdom the Government is pursuing a different path. It is introducing a second-tier state scheme, but at the same time encouraging occupational schemes to flourish by incorporating a contracting-out option.

This is an experiment that has not been tried on any scale elsewhere in Europe, and the only other countries where there is a contracting-out option are Japan and recently New Zealand.

Occupational pension schemes are generally introduced in circumstances where state benefits or other statutory benefits payable on retirement are insufficient to provide some or all employees with a satisfactory income in retirement when related to the level of their earnings at retirement.

In some countries the level of compulsory provision is so high that there is almost no scope for any private occupational scheme. Such a country is Italy where, in addition to the high state scheme, there is also a system of compulsory lump sum, leaving indemnities payable on termination of service, including termination because of retirement.

In other countries the scope is wider and occupational schemes not only provide benefits on earnings above social security ceilings but also top up members for employees whose earnings are below the ceilings where state and other compulsory retirement provision is considered inadequate.

Supervision and controls on occupational schemes tend to be stricter in Europe than in the United Kingdom. The only main restrictions in Britain are Inland Revenue limits which affect maximum benefits and the new preservation requirements. There are also some funding restrictions for schemes that were contracted-out of the state graduated scheme.

In some countries in Europe it is unusual to have funded pension arrangements. Two notable examples are Austria and West Germany. Because of the rapid inflation in West Germany in the 1920s and during the war, doubt was cast on the ability of accumulated pension funds to preserve their real value.

The main solution adopted has been the creation of stable unfunded pension reserves in companies' accounts which have been available for financing directly the expansion of the companies concerned.

This solution has received encouragement from the tax authorities since allocations to reserves for pension benefits are deductible for tax. Denmark and The Netherlands are at the other end of the spectrum, and in both of these countries pension promises have to be funded. It is for consideration whether this requirement has led to the position that, for some employees, provision is lower than it might have been.

In the United Kingdom, in order to ensure the security of employees' pension rights, employers have traditionally established independent trust funds. Similar arrangements are seen in other countries in Europe but some countries have adopted forms of credit insurance. There are examples of this in Finland and Sweden where in both of these countries the security of pension funds is guaranteed by the state. If pension promises are unfunded or if the assets of pension funds are lent back to the employer, in West German legislation has just been enacted which introduces credit insurance for unfunded reserves. In France the matter has been tackled in a different way. French employers rely for the security of their occupational schemes which exist throughout industry and agreements between the different schemes to help each other out. The security of these schemes is guaranteed by the state. Finally, in the same way as does the security for members of state schemes—on future generations continuing to meet their obligations.

In the Netherlands there is a restriction that not more than 10 per cent of the assets of a pension fund can be invested or lent to the employer. Generally speaking, until the recent situation of high inflation, the freedom to match investment in the United Kingdom has meant that employers have been able to provide higher benefit levels than would otherwise have been possible at acceptable cost. Any interference in this field, as has been mooted recently, might have the effect of reducing still further overall investment returns, leading inevitably to higher costs and/or poorer benefits and/or a reduction in funding levels. Pension funds fulfil one social purpose. They cannot fulfil others without prejudicing their primary, and what should be their only, objective.

One of the objectives of the Rome Treaty was the harmonisation of social security systems. The intention was not to impose identical benefits and contributions on each member country but that there should be coordination between the social security systems of each member country. Governments have been free to pursue their own individual policies within their own countries and this is likely to go on so that continued membership of the EEC is unlikely to lead to a loss of sovereignty in that area.

The different member states are leading towards full transferability of social security rights and benefits, and this is undoubtedly to the advantage of persons who move between member countries either temporarily (even for holidays with regard to medical benefits) or permanently.

From the point of view of occupational pension schemes there has been no direct impact. On the other hand the future development of occupational pension schemes in the United Kingdom must depend on the prosperity of the country as a whole and industry in particular, and the country is likely to be more prosperous by remaining in the EEC.

Partnership a way to reform continued from page 1

continued reduction for a contracted-out scheme would be a total contribution to the state scheme of about 16.5 per cent up to the base level and about 9.5 per cent between the base level and the ceiling. This compares with a total contribution of 14 per cent payable from April, 1975, for the existing state benefits, though up to a lower maximum. It should be noted, however, that the reductions in contributions for contracted-out schemes will need to be lowered at regular intervals. This is because the average rate of accrual of benefits for the younger employees in the new state scheme will be lower than for older employees and hence the average rate at which contracted-out employees will forgo state pensions will fall gradually over the years.

Employers will not be allowed to discriminate between groups of earners, other than by type of employment, in deciding whether to elect to contract-out. The attractiveness, or

otherwise, of the contribution reduction will therefore depend in part on the age distribution of the employees and the relative numbers of men and women. It has been suggested in some quarters that a reduction of 7 per cent is too finely drawn, partly because of the higher proportion of women likely to be in pensionable employment in future and more particularly because of the risk that employers may not be able to obtain a real rate of return on investments.

Contracting-out is a complex matter and has implications not only for individual employers and their employees but for the community as a whole. The issue is not clear cut and much careful consideration will need to be given by employers and their advisers and by those responsible for administering and investing pension plans, of the pros and cons of alternative courses of action.

For the smallest groups the difficulties of "homotyping" on to a final salary target will in any case tend to inhibit contracting-out. For larger groups the main factors for consideration—where a worthwhile scheme is under consideration or already exists—are:

1. The inflation-proofing of benefits up to retirement, as mentioned above. Much will depend on the degree of confidence that can be engendered as to buying back terms in what might be very different investment conditions and on whether some form of safety net to protect employers from a catastrophic increase in liabilities can be devised.

2. The attraction or otherwise of the contribution reduction in relation to the cost of benefits for the employees concerned.

3. The attitude of the employees. Any attempt to cut back on existing occupational scheme benefits could lead to difficulties though "integration" with the new state benefits so as to provide at least as good a total package could provide an acceptable solution.

4. The flexibility available to an occupational scheme. This can be of particular value in dealing with early retirements and in other circumstances to accommodate the particular needs of members.

5. The administration aspects. If a scheme is contracted-out, the GMPs will need to be recorded. But if a scheme is integrated with the state, additional record-keeping will also be necessary.

In future, employers will have a choice of providing a considerable part of employee retirement benefits through the state arrangements rather than through funded occupational schemes. Each of these systems has its strengths and weaknesses depending on the economic environment in which it has to exist. The urgent need is to restore an economic climate which encourages investment from savings in the United Kingdom rather than from borrowing from abroad.

Failing that, all the gradual and voluntary development of occupational schemes that has occurred over a long period could be reversed. The advantages of flexible and funded occupational schemes are not likely to be easily restored and there may be any material move away from the present systems and disciplines.

Unions are keen on bigger say

by Harry Lucas

Head of Pensions and Social Services Department, General and Municipal Workers Union

Trade unions are more interested and more active than ever before in securing good occupational pensions. They see pensions contributions and benefits as pay—deferred pay. Their objective is to ensure, therefore, that their members have the right to participate in the management of their savings.

The question of member involvement is not one of advantages and disadvantages, but of rights. It is incorrect to assume, provided they have access to the proper advice, that members are not capable of participation in collective decisions on investment policy, the exercising of discretionary powers, supervising the day-to-day administration and taking suitable recommendations. Each function understandably is an integral part in the management of a pension fund.

The unions realise that it is no part of the trustees' duties nor responsibilities to seek to negotiate improvements in the benefits or terms of the pension scheme. His job is to administer the trust fund in accordance with the rules and general trust law. It is the role of the unions to negotiate on improved benefits.

Similarly we appreciate that the essential responsibility of the trustee is to perform his duties to the best of his ability for the benefit of all the beneficiaries. He is not appointed to represent a sectional interest; he must not be better disposed, for example, towards members of trade unions as compared with non-union members or the members of a particular trade union as against those of another union.

Neither the unions' attitude nor understanding should be mistaken. All unions seek equality of member representation on boards of trustees, or committees of management. By reason of the financial demands on the employer which can be affected by the decisions of the fund management, the unions accept that the employer must be involved and should therefore appoint up to 50 per cent of trustees on the management committee.

Being aware how easily some employers can be deterred from dismantling the screens of secrecy that conceal the management of our members' savings in pension funds, the Occupational Pension Board's report (to the Secretary of State for Social Services) which recommends that there should be a voluntary code of practice for membership representation for perhaps a further five years.

Looking to the future, apart from the structure of pension schemes and the responsibilities of member trustees, the unions' educational role needs expanding beyond the present capabilities in order to embrace training and counselling for pre-retirement.

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Integration: could it go farther?

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Integration is used as a formula used by occupational schemes to take account of the costs arising from the simplest form of income is an allowance a basic flat-rate pension. This can be achieved by deducting a proportion of the single pension from the tariff or by making an allowance in the definition of pensionable salary.

question now is whether integration should be a step further by taking all the costs of a scheme from the target pension under an occupational scheme. This must depend on the place on whether the usual scheme is used or the state scheme. If the state scheme is used, then integration with the state scheme is not needed as the equivalent of a state pension will be provided under the occupational scheme as part of the pension. It will be possible, however, to make an allowance for the state pension. This is not to be used for the pension, but its participation in the new state earnings-related pension, then integration is in theory possible, practice the problems are substantial (far more so than the problems of the state scheme with the basic pension). A major disadvantage is the difficulty of determining state benefits. It is the of the earnings-related

state scheme that is the problem. A revalued earnings-related scheme such as the Castle plan is complicated enough but when it works on the best 20 years' earnings it is even more complicated.

Although it is quite simple to say that an employee will have a sixtieth of salary for each year of service less the amount earned under the state scheme, it is not so easy to calculate because the occupational pension target is a movable feast, reducing as the state scheme benefit increases. This means that it is not until the actual date of retirement for probably three or four months after the date of retirement when the Department of Health and Social Security can say what the state scheme benefits are) that the employee will know how much pension he is going to get from the state and how much from his occupational scheme.

This may not matter too much for employees who remain in service until their normal retirement date, but it does matter for an employee who leaves service before retirement. Just how much will his occupational scheme provide when he reaches retirement age? Surely at the date of leaving service he ought to have a firm figure to work on so that he can negotiate any shortfall in benefits with his new employer.

If benefits are to be reduced by integration it is likely that there will be pressure for employees' contributions to be reduced as well. Superficially, it would seem fair to reduce all members' contributions by the same percentage but this would ignore the fact that for some older employees their occupational scheme benefits might be almost eliminated after the state scheme benefits had been offset. Obviously these employees would object to paying the same contribution rate to the occupational scheme as other employees. Take, for example, a final

salary scheme providing 1.25 per cent of final salary for each year of service which has been running for a number of years when the new state scheme starts in April, 1978. The company decides to integrate fully with the new state scheme. Before April, 1978, employees were paying 4 per cent of pensionable salary.

How is contribution integration achieved? For an employee within 20 years of normal pension date the new state scheme will provide an accrual rate of 1.25 per cent of upper tier earnings (earnings between £11.60 and £31.20 per week in current terms) revalued in line with movement in the earnings index.

If this is deducted from his occupational scheme pension his benefit will be confined almost entirely to the pension for service before April, 1978. He will probably feel that his contributions ought to be stopped completely. For an employee who is 30 years from normal pension date the state scheme accrual rate is only 0.83 per cent and clearly some contributions need to be paid, say at 1 per cent to 2 per cent.

For an employee 40 years from normal pension date the accrual rate from the state scheme is only 0.625 per cent and he, too, ought to pay some contributions—perhaps 2 per cent to 3 per cent. It is clear that contribution integration will be a nightmare because it will depend on the age of the employee when the new state scheme starts. To be equitable, different contribution rates ought to be paid and, although these rates are complex enough for employees in service in April, 1978, taking on new entrants after this date will be even worse.

Clearly the employer will have a difficult task if he is to agree an equitable basis with the union representatives and he is likely to finish with a compromise which adds to his expenses.

This time it must be the real thing

by M. Haddon-Grant
Secretary, Plessey Co.
and chairman, National
Association of Pension
Funds

The National Association of Pension Funds was formed in 1923 to deal with the problems of the Finance Act, 1921, which is generally regarded as the charter of occupational pension funds. Since that date it has continued to represent the interests of those concerned with occupational pensions, both in the public and the private sectors, and is the only body in the country whose membership embraces both insured and self-administered schemes.

The association has, therefore, been in existence for more than 52 years but in many ways the past five years have probably been the most momentous. During that period we have had three different sets of government proposals designed to regulate the relationship between the occupational schemes and the state scheme, the latest of which is set out in the Social Security Pensions Bill. Over the past few months, moreover, we have for the first time heard serious doubts expressed as to whether occupational pension schemes can survive in a time of high inflation when most available sources of investment are producing a negative rate of return.

As against this, however, during this period there appears to have emerged a much greater consciousness of the importance of the occupational pension funds movement in relation to the national economy. Pension fund contributions represent 40 per cent of national savings in the private sector of the economy, and pension fund trustees and administrators are being asked to assume increasing responsibilities in their roles as institutional investors. An example of the approach made recently by the Governor to pension funds and other institutional investors to support the Finance for Industry loan sponsored by the Bank of England.

The National Association of Pension Funds supports occupational pension funds and firmly believes that in normal circumstances they can provide earnings related pensions without government assistance. Its view has always been that the Government's role should be to provide a pension up to a basic minimum, a level which would enable pensioners to live without hardship but probably with little margin for luxuries.

The association sees the role of the occupational pension fund, by virtue of its greater flexibility and adaptability to individual and local circumstances, as complementary to that of the state fund to the extent that it can safeguard the employee against a sudden and drastic fall in his accustomed standard of living. The Government's function should be to provide encouragement to such funds, back by maintaining a background of stability and by ensuring a healthy economic environment. The association feels that the development of occupational schemes should be further encouraged by the provision of other financial incentives.

However, neither the previous Government nor the present Government has been wholly willing to support it in this contention. The previous Government envisaged a huge state revaluation scheme at a fairly low level, and the present Government is proposing that there will be a "pay as you go" earnings related element to the state scheme—in either case giving options to contract out for those employees who can provide adequate occupational pension schemes, but without fully providing the sort of climate in which the occupational schemes can flourish.

The most important element in any form of pension planning must, however, be stability. Employers have twice in the past five years been faced with the complex decision as to whether they should contract out of the second tier of the state scheme, and they will shortly have to make the decision once again. It is, therefore, imperative that they should be able to feel that this time it is for real.

It is for this reason that the association has accepted that it must be in the interests of all—employers, employees and the occupational pension fund movement as a whole—to try, if possible, to go along with the Government's bipartisan approach even to the extent of compromising in what it regards as the best possible solution, in order to achieve a relationship which is likely to achieve some degree of permanence.

However, there are a number of matters in the new Bill which must be changed if a satisfactory relationship is to be established; thus we are concerned that the contracting-out provisions are still too finely drawn, particularly those concerned with investment earnings. The Bill as drafted gives no incentive for contracting out, and indeed, in some respects could be seen as a deterrent.

Even if no positive incentive can be provided, the association feels, if employers are to be persuaded to contract out of the state scheme, that a greater margin must be allowed so that at least an even balance can be obtained. The situation is, however, exacerbated by the requirement not to select on grounds of age or sex but to accept a single average rate.

It is also becoming increasingly apparent that some limit will have to be set to the employer's present unlimited commitment to revalue earnings while contracted-out employment continues.

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Philip Allen
Chairman, Occupational
Pensions Board

Occupational Pensions Board was appointed under the Social Security Act 1973, under section 66(1) of the Social Security Act 1973, to advise the Government on the new pension provisions as far as occupational pension schemes are concerned. The board's main functions were: leading recognition certificates to employers whose pension

schemes met the required standards, and who wished to contract out of the new state reserve scheme; supervising the financial arrangements of occupational pension schemes to ensure that they had the necessary financial backing; deciding whether scheme rules conformed with the preservation arrangements for early leavers; assisting schemes to modify their rules to meet the new requirements; considering proposals for regulations

about occupational pension schemes; carrying out in respect of occupational pension schemes such advisory functions as might be conferred on them by the Secretary of State for Social Services.

In May, 1974, after the general election in February of that year, Mrs Barbara Castle, the new Secretary of State, announced that the Government had decided not to bring into operation those provisions of the 1973 Act which related to the reserve pension scheme and the arrangements for recognition of occupational pension schemes which were submitted for exemption from it. This removed from the board responsibilities for the first two of these functions.

The board, substantially reduced its staff, and concentrated mainly on the preservation requirements of the Act. These requirements, which apply to members of occupational pension schemes who leave their jobs before reaching normal pension age, took effect on April 6, 1974.

Guidance was issued to the pensions industry in consolidated form in October, 1974. This was memorandum 18, *Preservation of Occupational Pension Benefits*, mainly for employers who wanted to know more about the requirements without going into too much technical detail. More recently it published a leaflet, *OPBI*, entitled *Pension Rights on Changing Your Job*, explaining to individual members of pension schemes their entitlement under the Act.

The board's officials have also given advice about the preservation requirements to the administrators of many thousands of pension schemes. This is a continuing task and one which gives rise to complex questions of interpreting and applying the provisions of the Act and the regulations.

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Old people still know all about poverty

by Pat Healy
Social Services
Correspondent

Pensions policy has been in a state of flux in Britain for the past 20 years for two basic reasons. In the 1950s it became clear that the Welfare State had not succeeded in abolishing poverty among the old. It also became increasingly evident that not enough money was being raised to pay for its wide range of benefits.

Successive governments have found it easier to legislate on the financing aspects than on the ideas of abolishing poverty in old age. By consent, the present proposals for a new structure for pensions comes the closest of any of the previous plans to achieving the second objective.

The now defunct graduated pension scheme was the first attempt at an interim solution. It certainly succeeded as a money-raiser, although not sufficiently to avoid the need for a complete restructuring of National Insurance contributions. But its success as a way of improving pensions was limited.

When the scheme was introduced in 1961, the National Insurance Fund had been in deficit for three years. Graduated contributions totalled £147,000 in the first year of operation and helped to bring the fund

into surplus again. But the fund plunged back into deficit the following year and in 1965 the Government felt obliged to reduce graduated contributions on those people who were contracted out of the scheme. Again, the resulting surplus lasted only one year and the fund has only twice been in surplus since 1967.

The latest available figures show that at the end of 1973, 33 per cent of all pensioners were receiving a graduated pension on top of their basic state pension. For the average amount of graduated pension was only 23p a week, and only 2 per cent of the total had more than £1 of graduated pension.

At the time, a married pensioner couple would have needed an extra 35p a week to bring their pension up to the official poverty line as set by supplementary benefits. But they would have needed between £1.95 and £3.12 a week on top to cover their housing costs, which are met by supplementary benefits. It is hardly surprising, therefore, that nearly one third of all pensioners over 65 were receiving supplementary benefits on top of their pensions at the end of 1973. The proportion does not reflect the extent of need in old age because it is known that many eligible pensioners do not claim sup-

plementary benefits through pride, inability to cope with the procedures, or ignorance that they can claim.

One of the fundamental aims of the Government's new long-term pensions policy will be to preclude as many people as possible from having to claim supplementary benefits when they retire by making it possible for the overwhelming majority to have an earnings-related pension higher than the poverty line. But since the basic level of the new state pension will still be below the supplementary benefit level, there will still be substantial numbers of pensioners below the official poverty line when the scheme reaches full maturity after 20 years.

Age Concern, the voluntary organization concerned with problems of the elderly, estimates that about one million pensioners will still have incomes below the poverty line under the scheme. The Department of Health and Social Security claims that figure is too high, but cannot offer an alternative estimate. Whatever the final figure proves to be, it is likely to be the lowest number under any of the three major pension plans proposed by the last three governments in Britain. If substantial numbers of pensioners no longer have to rely on supplement-

ary benefits to bring them up to the poverty line, it is possible that those remaining will have a better service.

The proposals have been attacked by Mr Clive Jenkins, general secretary of the Association of Scientific, Technical and Managerial Staffs, as offering lower final pensions to significant numbers than would have accrued under the Crossman proposals. That view is strongly resisted by Mrs Castle, Secretary of State for Social Services, because the current proposals were devised with the idea of improving on the Crossman scheme which was abandoned when the Conservatives were returned to power in 1970.

There is no doubt that the new policy is an improvement in many ways. It goes further in giving women equality, and allows for interruptions in a working life by taking only the best 20 years of contributions as the qualification for a pension. The proportion of pension to an individual's earnings is heavily weighted in favour of the lower paid, who are generally less likely to have an occupational pension to fall back on. It will be reviewed every year and pensions will be increased in line with average earnings, or with prices when they rise faster.

Until the scheme operation, either from 1977, or the following level of pension the new proposals can be estimated. But a single person earning week would have had of £13.70 or an in of £2.10 over the present pension and the equivalent 68 per cent of his earnings. At the top of the scale, someone on £31.20 (the assumed minimum level on which contributions would be paid) would have a pension of £17.40 more than current pension and saving 36 per cent of earnings.

In addition, people have accrued graduation rights would have added and Mrs Castle promised to improve in line with price increases instead of leaving their fixed value. It is said that this improvement will apply to all grad pensioners, and not just those who retire after the 1970s. The proportion of pension to an individual's earnings is heavily weighted in favour of the lower paid, who are generally less likely to have an occupational pension to fall back on. It will be reviewed every year and pensions will be increased in line with average earnings, or with prices when they rise faster.

farthest in ironing out imbalances between them, with 10 years' service in Hammersmith, for instance, worth 10 years in Bristol. One further factor is working private employers at this time, and that arises from Mrs Barbara Castle's radical alternative proposals for social security, outlined in September, 1974, and due to become effective, Parliament, in 1978 or 1979, maturing 20 years later.

The scheme will operate wholly on the pay-as-you-go principle, without prior funding. As far as transferability is concerned, the Government intends that the previous employer should meet the transfer payment cost, at the same time allowing for a cost-of-living increase.

Just how the scheme will work once legislation comes into effect is anyone's guess. It has left employers totally bewildered. If the cost-of-living rate reaches an average of 7 per cent a year, will the 2 per cent of the index of the pension of final pension? The Government honour bound to Mrs Castle proposals through it can and if it is power. Morally, the present legislation reflects proper approach to a need.

But what of the effect employers' operating? Experts have estimated their contribution to state funds under the proposed new scheme present at a norm of 15 per cent of total pension could reach 20 per cent more under existing provisions and some to 10 per cent if Mrs Castle's proposals go through. Not exactly a delightful prospect for companies fighting the wage-and-inflation battle, and individual employee well suffer, too.

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Peddling pity and promises

by Victor Thorpe

For many years the British public has witnessed the cyclical spectacle of fierce political auctioneering around the subject of pensions. Every prospective government has better deals for all and parliamentary candidates peddle pity and promises at the hustings. As a result, state pensions have crept forward spasmodically, while the national fervour has usually left private employers' schemes by the wayside.

By and large, employers dictated the level of pensions, the choice of contributory or non-contributory and the terms of transferability, if any, so that over the years the variations of schemes have proliferated. That was before April. Until then, if an employee left a company which operated a contributory pension scheme, all he got back as recompense was no more than the total he had paid in over the years. Even if he retired at 64, there was no legal obligation on his employer to do anything except return his contribu-

tions, with no interest or allowance for inflation added. And, if the employer's scheme was non-contributory, the employee would leave with nothing to live on at retirement age.

Now pension rights are more secure under the Social Security Act of 1973, which came into effect on April 6 this year. Under its terms, employees over 16 years of age will no longer run the risk of forfeiting their pension rights accruing from one employer's contributory scheme if they have been in continuous service with him for a minimum of five years. The pension must be preserved for them until they come of retirement age, or must be transferred to a subsequent employer if the employee so wishes.

What is more, the employee now has the option of taking a refund of any contributions made during service before April 1975, leaving his contributions to date with that employer to be paid out as a pension on retirement, or transferring it to his next employer.

The most likely option taken will be the transfer of pension payments from employer to employer, with each new employer granting a benefit on retirement which is calculated on the purchasing power of that transferred payment within the new pension scheme.

But the drawback on transferability between one private plan and another comes with the different actuarial approaches to risk calculation. What happens is that the actuarial working on behalf of an insurance company or pension fund calculates the level of premiums on a group basis, with savings and roundabout allowances built in on statistical certainties.

Experience has shown, in other words, that in any one company a certain percentage of employees will die before the five-year minimum pensionable period is up, some after longer periods, but before retirement age, some will get sick and a percentage will be injured or maimed.

Much hinges on these actuarial calculations. If an employee's rate of salary rise up to the point of retirement has been underestimated by a previous employer's actuary, his final employer will be obliged to top up the outstanding balance from his own fund.

Among local authorities, the Civil Service departments and the nationalized industries there exists a fairly efficient transfer "club" in which no money actually changes hands even though employees do. It is made possible only because a high degree of consistency has been achieved in actuarial calculations. The local authorities have gone the

farthest in ironing out imbalances between them, with 10 years' service in Hammersmith, for instance, worth 10 years in Bristol. One further factor is working private employers at this time, and that arises from Mrs Barbara Castle's radical alternative proposals for social security, outlined in September, 1974, and due to become effective, Parliament, in 1978 or 1979, maturing 20 years later.

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Rate of return must rise

by Barrie C. Johnston
director of Charterhouse Japhet

During recent months there has been in the press an increasing barrage of headlines which appear to throw doubts on the solvency of pension funds and which highlight the vast extra contributions being made out of company profits in order to solve the problem.

This is undoubtedly good news value, but it is at the same time somewhat irresponsible and is unnecessary damage to the pension movement as the confidence of members in schemes and to the future role of the capitalist system in the financing of the much needed expansion and modernization of Britain's industries.

We shall all have to think again if the rate of return on our funds is going to fall short of salary increases for a long period of years, but if that happens there will be many worse things to worry about than pensions.

We therefore need to take a cool look at what is going on, try to see what is behind the headlines, then see if steps can be taken to increase pension contributions to meet a real return is once again the order of the day. We must be prepared to engage in the struggle to preserve what we know to be in the best interests of our own security through the funded arrangements for pensions.

First we need to remember that from the date of admission of the youngest contributor to a fund to his inevitable death there may well be an interval of some 60 years or more. The present situation of a negative rate of return can thus be seen as a hiccup; admittedly it looks like a pretty big one, but within possibly two years or so we shall be back in calmer conditions and this difficult period will be seen in better perspective.

There are many reasons why individual funds may be "topping up", but the reasons are news value—as social conditions change so are pension benefits either amended or expended, and the resultant bill can be large. A company may decide, for example, to increase its pension fund to include retirement age or to include widows' benefits for the

first time, and these additional arrangements can be funded only by means of contributions from company profits.

Some schemes may not have been as fully funded as the new approach requires because of the need to increase benefits of those already on retirement, and when profits are good it is obviously expedient to take the opportunity to make arrangements to meet the need when stock markets and property prices have been down to such low levels what better time is there than the present to make these payments?

However, we must not forget the many hundreds of funds that will not need to make any additional payments. These may have been wiser in the past by funding higher levels than were perhaps strictly necessary or they may have handled their portfolios in a more rewarding manner, thereby obtaining that little extra return which makes so much difference over a fund's lifetime.

An extra 1 per cent return on a fund will, over a period of time, cut the required contributions by some 15 per cent in 20 years, and this is well worth seeking. Related to the profits of companies, especially those with large staffs, these savings are meaningful and can result in an increase of some 8 per cent in pretax profits on average. Such a figure in an engineering business would result in many a manager having a happy year end, but in pensions the figures are neither easily quantifiable nor instantly apparent. Nevertheless they can be achieved and should be demanded by management, shareholders and workers alike.

Trustees of funds are correctly appointed for their judgment and caution, but this does not entitle them to be inactive. For many years there was little evidence of what was going to happen as a result of inflation while the portfolios, for which the trustees have been responsible, have been under constant attack from governments of all colours, the weapons including devaluing, freezing, profit limitations, price controls and rent restrictions.

This onslaught has undermined the confidence of managers to put additional funds into equities as they have been doing for the past 20 years or so.

The search for satisfactory and suitable investments therefore becomes more crucial and it is in the interests of everybody for finance directors to make sure that their pension funds are profitably managed. One insurance company, one merchant bank or perhaps one individual may have managed a whole portfolio for 25 years, steadily the ability of the manager has never been questioned, but it needs to be, because the difference between the successful and not so successful can be considerable—a recent survey has shown that over five years one fund has outperformed the worst of those measured by some 80 per cent.

By having one institution or person appointed for so long a period the trustees are assuming that they have the best in the business; we cannot all have this fortune, and if corporate advisers hold the reins the people within the organization will change and what was originally thought a correct choice may prove less satisfactory.

A conditions change it can be profitable to select additional managers for a portion of a fund, partly because different views are obtained but partly because alternative forms of specialization can be found.

Caution is required at all stages; a few years ago, as yields became inadequate to cope with the increasing rate of inflation, we saw the rush into growth stocks, but as we now know, it did not solve many problems. Nor are purchases of works of art and other non-revenue producing assets likely to prove satisfactory, because a future sale price can never be guaranteed and at 14 per cent a year compound it will be necessary to see a 48 per cent rise in capital over a three-year period to equate with the assured income of, for example, a gilt-edged stock.

The responsibility for seeing that competent management is appointed and kept up to the mark is clear. If, unhappily, there is failure to perform then the penalties are obvious, and trustees, finance directors and shareholders (including the state) have a duty to see that value for money is obtained.

If between us all we fail, then not only will our funds suffer but the capital market will be denuded of the system as we know it.

talks about retirement

talk

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both employer and
tion to help him to
adjust to the pen-
ad retirement is
on the Continent.
Raglan, president of
Retirement Associ-
(PRA), has said:
far more than
to be generally re-
spected, is, to the
majority of us, as
social occupation as
an economic one."
RA defines six main
which form the base-
ish to launch a suc-
retirement: apart
mental attitude to
nt they comprise
finance (including
netts), leisure, ac-
ost-retirement work
and unpaid) and
live in retirement.

These topics predominate in
the seminars conducted by
the association, which takes
a team of experts into the
premises of some of the
country's most enlightened
employers to help to pre-
pare their staff (and their
wives) to seize the oppor-
tunity for fulfilment which
retirement can offer in the
years ahead.

Organizations using this
service include Barclays and
Midland banks, British Steel
Corporation, Bovis, Deben-
hams and Marks & Spencer.
Other employers follow the
Civil Service example by
granting time off during
working hours for staff to
attend retirement courses.
(Despite this example,
the Department of Educa-
tion and Science of the
value of pre-retirement
education, it does not yet al-
low the PRA financially.)

The eroding effects of in-
flation have undermined
the confidence of workers
regarding their standard of
living after retirement. In-
flation must be controlled if
only to give the pensioner
stability.

Employees approaching
retirement appreciate an
opportunity to receive
expert unbiased advice on
the advisability of consum-
ing an occupational pension,
investments, annuities,
drawing an income from a
mortgage raised against the
value of their house, and
the wide range of help
which can be obtained from
state sources. They are
encouraged to make a will.

The recent easing of the
earnings rule enables the
newly retired to take on a
part-time job and to en-
joy up to £20 a week before
the state retirement benefits
are reduced. The PRA has long
campaigns against the rule
and will welcome total
abolition. The very exis-
tence of the rule militates
against society making full
use of the vast reservoir of
knowledge which the newly
retired can offer.

After finance, health is
the topic which is of chief
concern. Doctors try to
warn smokers of the health
risks.

Health experts also advise
against being over weight,
and encourage pensioners to
remain active by taking
reasonable exercise. In
these times of financial
stringency it is surely a mis-
take for a country to allow
its pensioners to reduce

expenditure on sports facili-
ties. Physical fitness affects
the output of employees,
and the Prime Minister of
Canada is the latest convert
to the doctrine of "fighting
the flab". Companies which
find their sports facilities
are not being used to the
full should consult the
unions and find the reason
why. Company pensioners
would appreciate being able
to use a heated swimming
pool or gymnasium during
normal working or off-peak
hours.

I suspect, however, that
one reason why doctors' sur-
geries are always well sup-
ported by the newly retired
goes back to the question
of adjustment. The reali-
sation that your previous
employers are apparently
able to continue in business
without you is increased by
the prayer that you were
really indispensable. The
victim can become fretful
and resentful because he
feels that he is an outcast
from society, and that life
has treated him harshly.

He can drift into help-
lessness, and attendant self-pity
which sow the mental seeds
from which physical ail-
ments can sprout. Here the
person's mental attitude can
reduce the physical resis-
tance to stress and the pen-
sioner becomes a health
risk. He will suffer from all
sorts of aches and pains,
and will catch whatever
virus is the winter's fashion.
The worst cases of mental
justification will simply fade
away and die of a broken
heart. Dr. Eric Wright,
chairman of the PRA and
chief medical officer of
PRA, emphasises that
"the right attitude of mind
is an essential part of the
survival kit".

Here, surely, is the nub
of pre-retirement education.
It is in the interests of the
nation to ensure that every-
one is well adjusted to the
notion of retirement some
years before it happens. We
must all help the newly
retired to continue to con-
tribute to the community.
By testing them know they
are still needed, we help
them to adjust to retire-
ment and at the same time
we help the country.

The association (a non-
profit-making educational
organisation) produces spe-
cialist publications, and
the association's magazine
Choice is the only national
monthly magazine which
specifically covers these
approaching, planning and
enjoying retirement.

Rights and wrongs of women

by Margaret Drummond

The trouble with women, as
someone remarked, is that
they are not men. That atti-
tude is as true in pensions
as it is in most other parts
of a commercial and social
environment where matters
have traditionally been
arranged in accordance with
the needs and aspirations of
the breadwinning male.

Mrs Barbara Castle's So-
cial Security Pensions Bill in-
cluded a number of clauses
which were aimed, as she
sincerely put it, at ending
the situation of "second-
class citizens entitled to
third-class benefits". It
established the principle of
equal pensions for women.
Other pieces of feminist
legislation have a bearing
on pensions, too.

The Equal Pay Act 1970,
which came into force last
year, the Employment
Protection Bill and the Sex
Discrimination Bill all in
their various ways enforce
the principle of equality in
terms and conditions of
employment, of which pen-
sion arrangements are an
important aspect.

Mrs Castle went a stage
further. In April she asked
the Occupational Pensions
Board to investigate the
treatment of women in
occupational schemes. Its
precise brief was "to con-
sider in the light of the
Government's proposals for
the future of pensions and
in particular their intention
to end discrimination
against women in occupa-
tional schemes what further
steps are necessary, whether
by way of legislation or oth-
erwise, to implement the
principle of equality of
status for men and women
in such schemes and to
report".

There is a paucity of in-
formation about the expe-
rience of women in occupa-
tional schemes. What does
exist is largely accounted
for by the Government
Actuary survey of pension
schemes in 1971. That high-
lights a number of areas of
discrimination, such as
lower benefit levels for
women under some
schemes, lower lumpsum
payments, and a higher
benefit on the death of a
woman than for a married

man, and differences in the
treatment of dependants.

The key to much of the
apparent discrimination lies
in the actuarial assumptions
that are used in pension cal-
culations. Women not only
retire officially at 60, five
years earlier than men, but
they live longer on average
and therefore the pension
funds consider them a more
expensive proposition.

With all the chatter about
equality, the pension funds
could hardly fail to over-
look the glaring fact that
Mrs Castle made an alter-
ation in the discriminatory
retirement age for women
up to 65 was evidently not
fair on those who were
already in pension schemes.
Bringing the retirement age
for men down to 60 would
have had a great deal to
recommend it but Mrs
Castle bluntly stated that
neither the Government nor
the occupational pension
funds could afford it.

The differential, origi-
nally established in recog-
nition of the fact that men
tend to be younger than
their spouses, has perhaps
some justification, even if it
will not appeal to either the
pension funds or the
thoroughgoing feminist.
That is the dual role taken
on by the working wife and
mother.

The five-year differential
is, in a muddled sort of
way, a recompense for the
fact that while the working
husband may spend his
evening watching football
on television the working
wife is more likely to be
working out the week's
menu in the kitchen. The
accepted wisdom on long-
evity which will be exam-
ined by the Occupational
Pensions Board, might
throw up a few surprises.

Mortality tables are based
on very long-term trends
which until now have
demonstrated that women
live longer. But one
wonders whether women
who work live longer. It is
possible that the changes
over the past decade, when
the working wife has be-
come a normal feature of
the social scene, could have
overturned that theory,
although that would not
necessarily be reflected yet
in the long-term calculations
used by the actuary.

Medical data, for instance,
show a fast rise in the
number of women contract-
ing or dying from the sup-
posedly "executive" dis-
eases, such as lung
cancer or coronary throm-
bosis, ailments associated
with the stresses and strains

of commercial life. It would
not be surprising if the dif-
ferential in the female mor-
tality rate showed some
signs of narrowing.

These points affect
women in occupational pen-
sion schemes. Arguably it is
the women not yet invited
to join schemes who are of
prime concern to Mrs Castle
and the feminist lobby, for
pension rights are inti-
mately bound up with the
problems of independence
and how to encourage it.

Some schemes do not ex-
clude women specifically,
but have entry requirements
based on income that effec-
tively disqualify the bulk of
a female labour force. This
is obviously a problem that
must be solved along with
inequality in pay, but as
is relevant in the latter con-
text, particular jobs,
because of low pay, have
become traditional women's
work, thereby escaping the
main provisions of the
legislation.

The 1971 survey by the
Government Actuary
showed that more non-
manual female employees
than their male counter-
parts were excluded from
schemes because of type of
employment. The large pro-
portion (a third) of part-
timers in the female labour
force is obviously another
problem area. The Occu-
pational Pensions Board is evi-
dently seeking out whether
a significant number of
employers will, because of
the general pattern of
female labour, be able to
continue on their discrim-
inatory way within the
terms of the new legislation.

The third aspect that Mrs
Castle hopes to examine is
the special arrangements
that have to be made to
accommodate the working
woman, and her rights to a
pension in the event of her
leaving work to raise
children. The earnings-
related part of the state
scheme will take the best 20
years of an employee's earn-
ing period, a provision that
applies to both sexes but is
one that probably has more
importance for women.

The final, and rather
stickier area, is the extent
of a wife's right over the
pension of her husband.
Thus the Law Commission
recommended that loss of
pension rights be taken into
account in divorce proceed-
ings. A recent Gallup poll
demonstrated an appalling
state of ignorance on the
part of wives over pensions
and what their husbands'
schemes might mean to
them in the case of death
or retirement.

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INFLATION AFFECTS PENSIONERS

Hopes for long term

by Eric Brunet

Inflation can have serious
effects on the finances of a
final salary scheme, as the
pensions which it is liable
to pay increase, if there is
no corresponding increase
in the value of the assets
which are held. In the last
resort, however, no amount
of inflation can leave a
scheme worse off than a
new scheme, with no accu-
mulated fund, which offers
pensions based on service
before the scheme started
as well as the period of
membership of the scheme.

The problem is a serious
one, but it is essentially
short term. In the long
run, the cost of running
the scheme is bound to rise
if the existing assets prove
inadequate, but the maxi-
mum increase is perhaps 5
per cent or 10 per cent of
pay roll, depending on the
benefit being provided and
other factors. In practice,
the existing fund cannot
become insignificant except
in the more extreme condi-
tions of hyperinflation, and
the long-term increase in
cost will be correspond-
ingly lower.

Does this mean that all
the fuss about pension
scheme finances is just a
storm in a teacup? Unfor-
tunately the position is
neither so simple nor so
hopeful. Inflation in itself
may not be the menace it is
portrayed, but it is in condi-
tions of inflation that the
relationship between the in-
vestment return and the in-
crease in liabilities of a pen-
sion scheme is most likely
to be upset.

This is what seems to be
happening now. If earnings
increase by 30 per cent, a
fund needs to increase by
that much, from a combi-
nation of interest earnings
and capital appreciation,
merely to keep pace. If there
are schemes which achieve
such a result this year, it
will normally be only
because values fell so
sharply last year; over the
two years taken together, or
over a longer period, the
results are much less
encouraging. If inflation
goes up 4 per cent a year
more than the yield on in-
vestments, the cost of pen-
sions, as a percentage of

payroll, could double in the
long term.

The present episode may
be merely a passing phase;
perhaps in the longer term
inflation will fall suffi-
ciently to restore the balance
with the yield obtainable on
investments, but investment
returns may rise again after
their recent fall. There will
still have been a substantial
additional financial burden
on pension schemes, because
of the effect of the events
taking place, on the impact
on their long-term viability
will not be serious.

Part of the problem is
that, when inflation is ran-
ning at a high level, there is
a general hope, or even
expectation, that the rate
will fall. As a result, the
return available on new in-
vestments is lower, being
related to the future hoped-
for level of inflation rather
than the present rate. The
investing public at large is
unable of deluding itself in
this way over quite a long
period; the longer it is
before normal conditions
are restored, the more con-
vinced people may become
that an improvement cannot
be long delayed.

The Government
encourages such an outlook.
We can see, at the present
time, the results of delib-
erate efforts by the Treasury
to keep down the rate of
interest paid on fixed in-
vestment loans. As a result,
the rate of interest increases
the cost of government bor-
rowing. Moreover, it is poli-
tically dangerous for the
Government to be seen to
be incapable of controlling
inflation, and ministers
therefore encourage expec-
tations of an imminent
reduction in the inflation
rate. We have seen how in-
frequently such expectations
are realized.

There is another factor
which operates in times of
inflation: there are inevi-
table economic difficulties,
with large sectors of the
community suffering a real
reduction in living stand-
ards. The instinctive reac-
tion of the man-in-the-street
in these conditions seems,
not entirely logically, to
save as much as he can and
put off buying things he
needs.

continued on page VIII

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Money-purchase options should be encouraged

by John Sparks

A condition for contracting-out will be that a pension scheme provides pensions based on an annual accrual rate of not less than 1% per cent of final salary or of average salary revalued in line with the general level of earnings. The latter type of arrangement is rare, whereas the final-salary schemes have become the most popular.

They are most suitable for employees whose careers reach a climax at or near retirement but less suitable for those whose powers reach a peak much earlier and whose earnings decline in real terms towards retirement.

For those whose earnings are closely dependent upon physical strength or good eyesight or energy, drive and resource, a good case can be made for the "money-purchase" type of pension scheme. Under such a scheme, specific contributions are made every year for each member, and the scheme benefits are related to the amount to which the invested contributions accumulate.

One attractive feature of such a scheme (which is why, in 1972, *Money Which* preferred money-purchase schemes to any others) is that when a person leaves service the money invested for him can remain in the scheme and continue to

grow. However, it seems to have been decided that there is no way in which money-purchase schemes, as such, can be acceptable for contracting-out purposes.

Another important feature of a money-purchase scheme is that, unlike other types of scheme, different employees can participate in the same scheme even though they are independent financially. In that way large numbers of small employers, often making different percentage contributions, can participate in the same scheme and avoid the high administrative expense of each employer "going it alone".

Transfers between employees in the same scheme can easily be made without penalty. There are several well-established "money-purchase" schemes, like the Merchant Navy Officers' Pension Fund and the Solicitors' Clerks Pension Fund, which cover one industry; all that some other groups of employers have in common is that they are clients of the same insurance company or pensions consultant.

The previous government had tried to encourage the formation of contracted-out schemes to get as many people as possible covered by occupational pension schemes. It seems that the new government's contracting-out provision can be made more money-purchase schemes they will tend to go out of

existence and leave a large sector of employments not covered by occupational pension schemes.

What may seem extraordinary is that although contributions of only 6 per cent or 8 per cent of earnings are being paid into a final salary scheme, the scheme may qualify for contracting-out. But no rate of contribution, however high, which is applied on a money-purchase basis can so qualify.

For a final-salary scheme, the question whether the contributions being paid will be sufficient to provide the final salary benefits promised by an employer seems to be fairly irrelevant under the provisions of the present Bill.

Is there then a solution for money-purchase schemes? I try to indicate below, first, how a money-purchase scheme could possibly qualify for contracting out if the existing principles of the Bill are retained; and second, why the Government should allow money-purchase schemes to have a more positive role in the partnership between state and private pensions. The question whether a money-purchase scheme provides both a pension and a widow's pension it should be possible, as the government proposals stand, for the members to be contracted-out if their employer sets up a second scheme to "make up" the existing

scheme benefits to the requisite contracting-out minima where necessary. So long as the benefits under the money-purchase scheme are accruing in a satisfactory manner in relation to the statutory requirements it should be unnecessary for the employer to make any contributions to the "make-up" scheme until the time a member dies or leaves service, and then only, we would hope, in a few isolated cases.

By effecting such a "make-up" scheme the employer would become committed to final-salary pensions but that need be only in relation to earnings currently between £11.60 and £81.20 a week. However, by not contributing to the "make-up" scheme unless or until he has to, the employer can retain many of the advantages of having a money-purchase scheme.

As far as an industry-wide scheme is concerned, those employers who decide to contract-out could, while still participating in that scheme or a scheme identical to it, become parties to a separate "make-up" arrangement of standard type. Transfers within that "inner circle" could easily be accommodated although it would probably be necessary to have a minimum percentage rate of contribution for inner circle employees. The percentage would be determined by actuarial

valuations held at regular intervals. Transfers from the outer to the inner circle could also be accommodated but transfers in the opposite direction could be accommodated only if a premium to the state scheme had also been paid.

So far, I have assumed that the contracting-out requirements remain, in principle, unchanged. But if the procedure suggested above is adopted, the money-purchase scheme will be subject to more transfers than the final salary scheme and will probably cost more. There seems to be a generally increasing tendency to promise more and fund less.

Often, final salary schemes, among them the finest, are funded on bases which would not be the most preferred by actuaries. That might not be so satisfactory were it not that contracting-out, in the short term, reduces total pension costs most for those employers whose schemes are funded on the least conservative actuarial bases.

In contrast, money-purchase schemes are, by definition, fully funded and should be encouraged to continue and grow. It is only contributions that are actually paid to occupational pension schemes that cover applications towards the medium and long-term investment which is so essential for our future.

Facilities for top executives

by Norman Worley
agency and marketing manager, National Provident Institution

Over the past 18 months, the subject of pensions has received more publicity and interest than at any time. Most attention, however, has been given to group schemes for employees. It is, after all, to improve the minimum pension benefits for all employees that the Labour Government and before it the Conservatives, have been concerned.

There are, however, two groups of people who for different reasons need to look beyond the company pension scheme set up for employees of a company. First, self-employed people are obviously excluded from pension scheme arrangements, as they have always been. Second, the company pension scheme is not always a suitable or an adequate arrangement for the directors of a company. It is with the special opportunities available to directors that this article is concerned.

For years, companies have been able to provide non-controlling directors and other key executives with pension schemes under favourable taxation circumstances. Such pension schemes were used either to provide retirement benefits for a key employee not covered by the existing company arrangements, or to top up the benefits of the company pension scheme where they are considered to be too low. In other words, the key staff were to receive superior benefits in line with their contribution to the company's success.

It is only recently, however, that controlling directors have been able to participate in such schemes. Until 1973, they were treated as self-employed for the purposes of pensions and so had to rely on self-employed retirement plans to provide their pensions.

Although the self-employed retirement plan offers the same types of benefit as the company schemes, for example pension and tax-free cash sum, such plans have one disadvantage from the point of view of the controlling director. He is limited in the amount he can contribute each year to £1,500 or 15 per cent of his net relevant earnings, whichever

ever is lower. Not only could a high earner find himself with an inadequate pension, but in any case it would be necessary to make contributions over a number of years for worthwhile benefits to be built up.

In the 1973 Finance Act, however, controlling directors became eligible for company pension plans, and their pensions status became that of "employed". Today pension plans for controlling directors have become about the fastest growing pensions sector.

The retirement plans may provide a number of benefits—broadly a personal pension, a tax-free cash sum on retirement, a death in service benefit and a widow's pension before and after retirement.

You have, also, the choice of defining final remuneration as either the average of three or more consecutive years' taxable income in the 10 years before retirement, or your remuneration for any one year in the five years preceding retirement.

Part or all of the pension may be taken as a tax-free cash sum, with a maximum of one and a half times your final remuneration, if you have been with your company for 20 years or more. For those who have worked in the company for shorter periods, the scale of benefits is reduced. For example, 10 years' service gives a limit of 45 per cent of final remuneration as the cash sum.

The widow's pension may be up to two-thirds of the amount of your own pension, or, in the event of dying in service, two thirds of what you have been receiving. In addition, a cash sum of up to four times your remuneration can be paid on your death in service.

Contributions are usually paid by the company, and are allowed as business expenses against the full corporation tax assessment. However, the employee may himself contribute, in which case his contributions rank for full income tax relief—at the highest rate he pays.

There are a further three tax advantages. First, the contributions to the scheme are all invested by a life office in a fund that is entirely free of tax. Second, the pensions, when they are paid including those widows, are taxed as earned and not unearned income. The cash sum paid at retirement is usually free of all tax. Third, the pension plans are normally exempt from capital transfer tax liability on lump sum death benefits.

In addition to the choice of a range of benefits, an important feature of directors' pension plans is the flexibility. The company may set just the level of its contributions from year to year to ensure that prospective benefits increase in line with salary. Given that salaries can rise rapidly in a period of steep inflation, this is clearly a necessary feature.

There are a number of different types of plan available from life offices which provide directors' pensions. Broadly they fall into three main categories. First, the conventional endowment type contract which provides basic benefits with the addition of bonuses.

Second, there is the unit-linked approach, where the retirement benefits provided are normally invested in funds linked to equities, property, fixed interest or a mixture.

Finally, there is the more modern deposit administration type of contract, offered by few of the more progressive traditional life offices. Premiums paid to the life office are invested along with their other funds, and interest is credited as if there were a deposit account for each plan.

New Act will curtail abuses

by Sigmund M. Hyman
president, S. M. Hyman Company

A new dawn for pension and retirement programmes in the United States arrived last year. On September 2, President Ford signed into law the Employee Retirement Income Security Act, the first statement of a national public policy for pensions.

The adoption of the Act by Congress came after allegations of abuses against people responsible for investing pension fund assets. It was also said that workers had forfeited all benefits when employment was severed just before their retirement or had lost benefits because of inadequate funding when plans terminated. Although the abuses were real, they were few and far between and greatly magnified by the press and members of Congress. The Act set standards to curtail abuses.

History plays an important role in understanding today. Funded pension plans came into existence in 1859 when New York City established a retirement fund to cover its policemen. 16 years later the first occupational plan was adopted by the American Express Company. From those humble beginnings, the pension movement went slowly ahead. In 1940 the Carnegie Steel Company put into effect the first enduring plan in a manufacturing company. Railways and educational institutions followed suit, but industry lagged far behind.

Pensioners were largely a war of individual responsibility and, in many instances, followed a "human depreciation" theory that people wore out like machinery. Such arrangements were loose, unfunded and many instances, withdrawn.

It was not until after the Second World War that significant advances were made, stimulated primarily by the enactment of the Social Security Act of 1935 which provided a basic public pension system on to which private pensions could be economically added. Additionally, in 1949, the Supreme Court recognized pensions as legitimate interests in collective bargaining.

Thus, together with the increasing strength of organized labour, rising capital markets and the competition for skilled labour, the pension movement was able to adopt other national incentive. Employees began to recognize pensions

as a "condition of employment", to be considered as additional remuneration rather than gifts to faithful workers.

During the 1950s, pensions became a political tool for trade unions. Abuses were publicized widely, as were company plans which failed because of inadequate funding, incompetence or self-dealing by fiduciaries. Such accusations were rare but after much publicity Congress set about correcting all this.

The main provisions of the new Act cover eligibility, vesting (preservation), actuarial funding, standards for fiduciary standards and plan termination insurance. The Act provides that an employee must be enrolled no later than age 25 or after one year's employment, whichever is later.

Plans with immediate vesting (preservation) require three years of employment as a prerequisite to enrollment. Three minimum vesting formulas provide that a worker must become completely vested after 10 years of service, be entitled to 25 per cent of his accrued pension after five years, increasing 5 per cent a year for the next five years, and by 10 per cent for the following five years, resulting in fully-vested rights after 15 years of service. When 50 per cent vested when age and length of service totals 45 years, or, if earlier, after 10 years of service. Full vesting is attained five years thereafter.

Minimum funding standards were established to make sure that fund assets were adequate to meet plan liabilities on an ongoing basis. In other words, contributions must be sufficient to meet both current costs and amortize past service liabilities over 30 years. In the absence of meeting such minimum standards or maintaining a standard account balance, companies are obliged to make up any shortfall plus penalties.

To prevent loss of benefits in the event of plan termination, the Act established the Pension Benefit Guaranty Corporation to ensure that vested benefits up to \$750 a month payable at age 65 would be guaranteed. Under defined benefit plans, each plan must pay a per capita premium to the corporation to create a contingent liability.

Certain fiduciary standards were established for the conduct of any person who has the power to control, manage, direct, disburse, or otherwise dispose of assets of a pension plan. Investment must be made on a prudent basis, taking into account the long-term objectives or acceptance of a lower yield because an investment is socially desirable go far beyond the normally accepted responsibility of an investor.

Thus we have the demand to refrain from investment in any company connected with South Africa. Contributions to the Government's recent fund-raising operation for industrial loans have been made in spite of, rather than because of, the investment considerations. Proposals have been made for requiring investment in house purchase mortgages, an investment which is both low-yielding and inappropriate in form. The only clear thing about Mr. Beun's recent proposals is their adverse effect on the freedom of investment managers to do their best.

In the last resort, if the financial balance swings, or has swung, too far against investment, employers will be unable to afford to maintain funded pension schemes. We have not yet reached that position, and if we ever do, there will be wider implications on a

scale of plan assets, either on a discretionary basis or, in the absence of discretion, who has responsibility for the management of the plan.

The Act went on to define, reporting and disclosure requirements which are to be sent to both the Department of Labour and to all plan participants. Such disclosure is to cover plan provisions, financial transactions and parties involved in the administration of the plan. Plan participants should be informed of their rights and benefits, and the Act provides for that.

In addition, there are certain pension limitations for highly-paid executives as well as individual incentives for others. Self-employed people may deduct up to \$7,500 a year or 15 per cent of earned income up to \$15,000. Workers with no company retirement plans may make tax-deductible contributions to individual retirement accounts of 15 per cent of earned income up to \$1,500 a year.

Is the Act necessary? Many authorities feel that the cost of reinsurance for benefits lost to participants due to plan termination would be less than the cost of establishing a bureaucracy in Washington to administer the problems. Others feel that the cost of vesting and substantially increased costs of administration will inhibit the growth of pensions in the United States.

Is the Act germane? Statistically, it has been shown that only one of four employees works 40 or more years with one employer. Therefore, only one of four employees will be helped. Since pensions are not mandatory, about 50 per cent of the work force is covered by pensions. Therefore, only one out of eight workers in the entire work force will be aided. More important trends toward liberalized vesting (preservation) in the past 10 years have perhaps minimized the real number of workers whose position will be substantially improved by the Act.

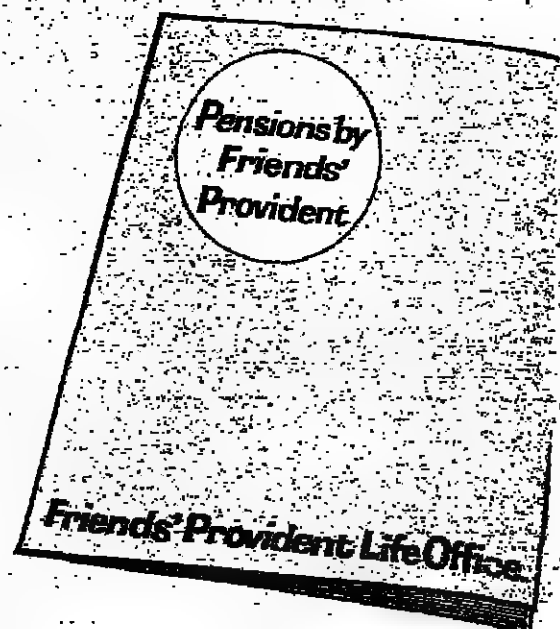
Actuaries and consultants have long been aware of adequate actuarial standards to see to the proper funding of benefits. The number of exceptions are few, and abuses have been politically enjoined.

Companies, their actuaries, consultants, accountants, solicitors, investment managers and other advisers are cynical and have adopted a wait-and-see attitude. As time passes, perhaps there will be another new dawn.

Pension schemes are likely to be among the last form of savings to disappear, because there are other reasons than purely financial ones for maintaining them. The security afforded to employees is an important consideration, and staff relations would suffer if schemes were wound up, particularly now that unions are taking a more lively interest in the subject.

What happens, however, if it becomes so expensive to save that even these considerations fail to carry weight? It does not mean that employees will all have to rely on whatever the state will provide.

In other countries, the concept of saving for future pension outgoings by setting aside separate assets is viewed with suspicion. This is significantly, most notable in countries which have suffered from high rates of inflation in the wider implications on a



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Tax-exempt funds are frequently neglected

by Margaret Stone

A frequently neglected area of managed funds and pensions is the tax-exempt funds which cater for the investment needs of pension schemes, charities and local authority pension funds, all of which are now totally exempt from tax, both in income and capital gains in respect of their portfolios.

Until last year the tax arrangements for local authority funds were slightly advantageous, but in 1974 they too were made totally exempt. This change has given the few management groups, such as Save and Prosper, who ran exempt funds in both categories the chance to rationalise their activities by merging erstwhile local authority pension fund unit trusts with those private pension funds.

The range of funds in this market is as wide as the range of funds for private investors. There are straightforward equity funds and property unit trusts and the similar bond funds operated by many of the linked life insurers; then there are the managed funds embracing a mixture of equities, property and some fixed interest stock in their portfolios and the cash and fixed interest funds. A recent survey by Harris Graham and Partners, pensions specialists, indicated that there are 30 equity funds, nine fixed interest funds, 16 property funds and 15 mixed or managed funds.

The purpose of these funds is to provide a pooled investment for pension funds. On the equity and managed funds side, the emphasis lies mainly in supplying a broad spread of investments for smaller pension schemes where the managers them-

Property unit trusts	Month/Year launched	Consultant Surveyors and Agents	Finance house support
Australian Superannuation	2.72	Jones Lang Wootton	Capel Court Group
Barclaytrust International	2.74	Jones Lang Wootton, Richard Ellis	Barclaytrust
Charles	7.67	Jones Lang Wootton	Hambros, Schroder Wagg
Fleming	4.70	Allsop & Co	Robert Fleming
Grasshopper	9.68	Hillier Parker May and Rowden	Barclaytrust
Harrover	7.67	Knight Frank & Rutley	Samuel Montagu
Irish Pension Fund	11.67	Jones Lang Wootton	Guinness, Mahon
Lamit	4.72	The Local Authority Investment Trust	Local Authorities
Lazard	6.57	Paper Anglia, Yarwood, Weatherall Green & Smith	Lazard Brothers
M & G Local Authority	2.72	Goddard & Smith, Matthews & Goodman	Samuel Montagu
Montagu Local Authority	4.72	Drivers Jones	Hill Samuel, Rothschild
Mutual	7.67	Edward Erdman & Co	Samuel Montagu
Pan European	10.73	Jones Lang Wootton, Weatherall Green & Smith	Guinness, Mahon
Pennine	3.69	Henry Spencer & Sons, Storey Sons & Parker, John Postlethwaite & Co	
Pension Fund	3.66	Jones Lang Wootton	
Pensions and Charities	1.69	Allsop & Co	Hambros, Morgan Grenfell, Schroder Wagg
Public and General Superannuation	8.67	Jones Lang Wootton	Lloyds Bank
St Martin's	10.68	St Martin's Property Co	Hambros, Schroder Wagg
Schroder	1.71	Weatherall Green & Smith	Warburg
Second Mutual	7.67	Edward Erdman & Co	Schroder Wagg
Singer & Friedlander	5.74	Singer & Allsop, Jones Lang Wootton	Hill Samuel, Rothschild
Wyvern	4.67	Drivers Jones	Singer & Friedlander

Source: Money, Management and Unitholder

self neither have the expert knowledge to look after their own investments nor the resources to provide a well-balanced portfolio. Managers or trustees of such pension funds are happy to hand over the effective day-to-day investment management of their pension fund by investing in a pension unit trust or bond fund. In most instances, the management companies will also supply the administration for the pension scheme as well. It is, however, an optional service not required by all companies.

The property unit trusts, however, tend to fall into a different category. These are, by and large, far more in the nature of a pension investment cooperative supported by some of the biggest pension schemes. They were formed because of the different nature of property investment which is a non-liquid and fairly inflexible form of investment requiring fairly large tranches of money to secure just one building.

The members of the property unit trusts have to invest in the funds in fairly large amounts and in return

they have a far greater say in the management than is ever available to the holder of the tax-exempt equity funds. The property unit trusts are almost co-operatives and the members expect to be consulted about all investment decisions and through their own surveys, and on, will also make a positive contribution to the running of the funds.

Holding a property unit trust does not preclude the members from investing directly in property on their own account. Indeed, several large pension funds, like to do both, the performance comparisons between the two property investment and that of the property unit trust is usually stimulating.

During 1974, the tax-exempt funds met the same problems as all other managed funds. The massive downturn in the equity market and the depression in the property sector had their inevitable repercussions on the tax-exempt funds. From figures prepared by Harris Graham and Partners, the average performance (or

lack of it from the equity funds) showed a drop of 36.8 per cent against a drop of 51.5 per cent in the *Financial Times* all-share index. Property funds dipped by 20.2 per cent against a fall of 30.6 per cent in the *Financial Times* all-share index. The average fall in the mixed fund sector was 19.6 per cent.

Naturally, considerable changes have taken place in the performance ratings of tax-exempt funds since the beginning of this year. The average equity fund rose by 44 per cent in the first quarter of the year. Because many of the funds were very liquid at the beginning of the year—cash had looked the best investment at the end of 1974—the funds were caught on the hop by the sudden upsurge in the stock market which sent the *Financial Times* all-share index up sharply by 80 per cent in the first quarter of the year.

Tax-exempt unit trusts

Performance over past 12 months and three years (both taken to May 6, 1975)

trust	% change over one year	% change over three years
Metropolitan Exempt	31.0	5.3
Hambro Exempt	28.4	—
Barbican European	27.9	—
Union Exempt	26.2	-13.4
Schroder Pen & Cha	14.4	-21.2
S & P Scotch	13.4	-16.5
Bridge Tallman Exempt	13.3	—
Target Exempt	9.7	-22.2
M & G Pension Exempt	7.8	-24.0
S & P Scotch Yield	7.8	-19.8
S & P Scotch Growth	7.1	-29.5
Morgan Gren Exempt	2.0	—
Oceanic Exempt	-1.8	—
S & P Ebor Comm Pen	-2.3	29.4
Tyndall Exempt	-2.4	-58.2
Cabot Exempt	-5.4	—
New Court Exempt	-8.1	-22.6
Minster Exempt	-8.5	-43.0
Key Exempt	-10.4	—
Schroder Special	-10.5	-51.0
Henderson Gross	-11.1	-42.1
Schroder Recovery	-14.4	-39.6
Tyndall Loc Auth	-19.3	-49.2
Slater Brit Exempt	-22.6	-25.9

Source: Money, Management and Unitholder

Financing the state scheme

by G. G. Newton

Although the contribution structure of the National Insurance scheme has altered fundamentally from the flat rate "actuarial" contributions payable at the start of the scheme to the present system of wholly earnings-related contributions for employees, the scheme has always been financed on the pay-as-you-go principle and the new scheme will also be financed on this basis. Under this system the contributions from insured persons, employers and the Exchequer are set at the levels necessary to provide the income to meet current expenditure, and no attempt is made to build up a fund corresponding to the capital value of the accrued benefit rights under the scheme.

The pay-as-you-go system of finance directly reflects the transfer of purchasing power from the working population to those not economically active on account of old age, sickness or unemployment which is brought about by a social insurance scheme and the schemes in almost all developed countries are financed on this basis. Under this system the rates of contribution payable at any time are not related to the level of benefits which the contributors will ultimately receive but are determined by the Social Security Pensions Bill 1975 which also gives details of the assumptions on which the estimates are based and of the effects of variations in these assumptions. The additional expenditure compared with the present scheme will be relatively small in the early years and, but for the effects of contracting out, a rate of contribution little different from the 14 per cent contribution under the present scheme would be required initially.

By the end of 30 years, however, the rate would have risen to about 18 per cent with a likely further increase of the order of 20 per cent after 40 years. All the rates quoted relate to the total contribution payable in respect of employed persons and include contributions totalling about 3½ per cent payable for other than pension benefits. The provisions for contracting-out for members of occupational pension schemes will have a major effect on the finances of the state scheme. The lower rates of contribution which will be payable in respect of contracted-out employees will result in an immediate loss of income which has to be made good by setting a higher general rate of contribution.

The corresponding saving in benefit expenditure, however, will build up only gradually over the years as the employees concerned come to retire and even when it reaches its full level the saving must be set against the loss of contributions from the next generation of contracted-out employees.

relatively little change in this rate for a period of about 15 years thereafter, but the demographic position is expected to become more favourable towards the end of the century. Changes in the age structure of the population are thus not likely to have a significant effect on the rates of contribution required over the first 30 years of the new scheme. The average level of benefits in payment, however, will increase steadily for many years. Under the new scheme pensions will be earnings-related with a basic component, corresponding to the flat-rate benefit under the present scheme (currently £11.60 a week), and an additional component calculated as 14 per cent of earnings above the level of the basic component up to the ceiling, for each year in the new scheme. The number of years to count will be limited to 20 to give a maximum pension of 25 per cent of average earnings in the relevant range, and for persons with more than 20 years membership the average will be calculated over the 20 best years. The effect is that the average amount of pension awarded will rise steadily over the first 20 years of the new scheme and it will be some 40 years before the great majority of pensions in payment will include an earnings-related component calculated at the full 25 per cent rate.

Estimates of the rates of contributions likely to be required over the years to finance the new scheme are given in the Government Actuary's report on the financial provisions of the Social Security Pensions Bill 1975 which also gives details of the assumptions on which the estimates are based and of the effects of variations in these assumptions. The additional expenditure compared with the present scheme will be relatively small in the early years and, but for the effects of contracting out, a rate of contribution little different from the 14 per cent contribution under the present scheme would be required initially.

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**SCOTTISH
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Get advice —and then act on it

by Peter Price
managing director,
C. T. Bowring &
Laybourn

So you want a pension scheme? Perhaps you do not, but almost certainly your workforce or their representatives do. Perhaps you have already got one but you, or your employees, want it improved. How do you set about it? Presumably you take advice.

Above all else the advice has to be competent and impartial. Both the consulting actuaries and the pension consultants have their own professional bodies who can provide the names of their members upon request.

Advice has to be paid for in some way or another. This will depend on the style of your adviser and ultimately the form of pension scheme taken: in basic terms either you will be asked to pay a fee direct to the adviser or he will receive commission from an insurance company which will be reflected in the premiums you are asked to pay.

Few established companies fail to run their own pension schemes; those who do will naturally have built up a fund of experience. But what of the company which is starting from scratch?

You have found a competent adviser and have established how you are going to pay for his services. What is the next step?

Obviously the company has to have a spokesman to talk to the adviser and that person's rank in the organisation should be as high as possible. Pension schemes are complex and will often represent one of the most important contracts into which the company has entered, from the point of view of finance and employee relations. If you have a financial director and/or a personnel director, he or they should be involved.

What will they talk about? The adviser in the first place will want to have full details of any arrangements currently in force; know whether or not you have any preconceived notions of the scheme you should have or how much you should spend; obtain as much information as he can about your workforce, including the ages, earnings and past service of your employees, sub-divided between white collar and blue collar and between males and females.

Essentially the object at the first meeting will be to arrive at the position that the adviser can produce a plan, with variations, and with a cost for each variation.

From there matters will evolve by further discussion of benefits and acceptable costs and eventually a report will be submitted to the board of directors or other governing body for ratification. Matters which will arise in discussion include:

Those who will be included in the scheme—males and/or females (remember that the Pensions Bill, now before Parliament insists on equal access for men and women); with or without age and service limits; white collar and/or blue collar.

Whether the pension benefit is to be related to service and average salary or final salary; whether it is to be related to future service only or all service; whether it automatically increases after retirement as a hedge against inflation; whether all categories of employees have the same benefit plan or whether differences are to be introduced; how it is to be related to state provision.

What dependants' benefits are to be provided—lump sums and/or pensions and if the latter, the question of post-retirement increases. Who pays for the benefits? You, the employer alone, or you in conjunction with your employees? And how is the cost to be met?

It is beyond the scope of this article to expand on most of these items, but there are two on which I would say a little more, in that they are the principal pension topics in the present climate.

First there is the question of state schemes. Impending legislation is never a good reason for putting off a new occupational scheme or improving an existing one and it does not matter that your adviser cannot at the moment say whether or not he will be able to recommend that you should contract-out of state provision.

The solution is to put in a scheme integrated with the state scheme, both from the point of view of benefits and members' contributions. If then you contract-out of the state scheme, your own scheme remains unchanged; if you stay with the state scheme, you cut back on your own scheme. Those who wait for the state to act in 1980, or even earlier, may be waiting yet, with the result that those of their employees who retired

in this limbo period may well be drawing only the basic state pension plus supplementary benefits.

The second important point is that, if you adopt a final salary scheme—and for state integration purposes you are likely to do so—your adviser must make sure you fully understand the cost implications. The assumptions to be made in estimating the likely cost must be realistic—you must know what these assumptions imply and you must understand how seriously profits could be affected if these assumptions proved to be too optimistic in the long term. You must, therefore, consider how best to limit your liability.

Having decided on your scheme and the costing methods, you will have to decide with your adviser the extent to which it is to be insured and the extent, if any, to which it is to be operated privately and, in each of these areas there are a number of subsidiary decisions to be taken, but these again are beyond the scope of this article. It must be emphasized, however, that these are major issues and that no matter how much help your adviser gives you, at the end of the day it will be for you to make the decisions in the light of the advice given you and of your own judgment.

If you decide, in whole or in part, to operate privately you will, with your adviser, discuss the choice of further advisers for investment, legal and actuarial services in addition to continuing consultancy and possible administration services.

Having got this far you reach the all important stage of employee communication and this will probably have been preceded by negotiations with the representatives of your employees—in particular the trade unions. After the conclusion of any such negotiations, and the incorporation of any agreed amendments into the scheme, your adviser should then guide you on the question of how to present the scheme to your employees.

There are all sorts of ways of doing this, but the usual method is by issuing each employee with an explanatory booklet, and holding meetings at which the scheme is presented, perhaps with visual aids.

High cost of giving and dying

by Vera di Palma

Although the capital transfer tax affects us all, the older we get the more urgent it becomes to consider the tax cost of giving and dying. Estate duty was not so bad. It was so easy to avoid that its opponents caustically labelled it a voluntary tax. While we have little practical experience of its replacement, it would seem that nothing short of evasion—and that is illegal—will enable an individual with a stable estate to dodge the capital transfer tax entirely.

The tax is calculated on a cumulative basis, starting with gifts made during one's lifetime (after March 26, 1974) and culminating with the property (if use the term loosely) over all years of assets) passing on death, unless any falls into the non-exempt category.

There are two sets of rates, one for gifts made during lifetime, the other for property left behind on death. Preference is given to lifetime gifts, which are taxed at half the death rates up to £100,000, with a subsequent narrow band down to £300,000. After that the rates run parallel.

There are a number of exemptions from the tax and, although some of them are modest in amount, they can add up to substantial tax savings over the years, even for those now retired. Bearing in mind the lower rates for lifetime gifts and the exemptions, it follows that just as it was necessary for estate duty to have a planned campaign for disposing of wealth both before and on death, so it is with the new tax.

But the strategy which was required for estate duty is not necessarily appropriate now, and it is particularly important that those who are contemplating retirement should pause to consider whether a redeployment of resources is, or will be, desirable.

Like it or not—and so many are reluctant to get to grips with reality—it is essential to make a will both in the interests of tax planning and in the interests of one's dependants, who will be able to achieve a speedier administration of the estate if they are not burdened with intestacy.

Those who, over a year or so ago, made a will for estate duty purposes may well find it needs to be revised in the light of the new legislation. Under estate duty there was a special exemption up to £15,000 if property was left to the surviving spouse, but that was the limit of the generosity.

There was one other way of securing an exemption, but it was a long-term benefit rather than an immediate one. It was to leave property in trust for life to the surviving spouse, the remainder being left to others, normally

the children. Under this arrangement the funds were exempt from estate duty on the death of the second spouse, so that they eventually passed to the children burdened by only one payment of duty instead of two.

Many wills will have taken advantage of the "surviving spouse exemption" as it was called, but it is superseded now from a tax planning point of view. The reason is that all gifts between husband and wife are exempt for capital transfer tax without limit, whatever form they take, and whether they are made during lifetime, bequeathed by will, or passing under the laws of intestacy.

In view of the way the tax rates rise with each slice of property, it does not follow that the most beneficial plan is to leave everything to the surviving spouse at the expense of the children. If tax is the only consideration, it is normally preferable to aim for an equalization of the estate between husband and wife and each leave separate halves to the children.

Other exemptions include a number of modest lifetime gifts and these will affect the majority of pensioners. The most generous exemption of £1,000 with an additional £100 to each individual. Two others have been carried over from estate duty: one of them is regular gifts which can be regarded as part of the donor's normal expenditure.

There is no fixed monetary limit but the amount must be reasonable in relation to income and must not diminish the donor's standard of living—constraints which might be more difficult to meet on a depleted post-retirement income. Gifts made in contemplation of the recipient's marriage are exempt up to £5,000 to one's own child, £2,500 to a grandchild, £1,000 to others. As each spouse is treated as a separate person, all these exemptions apply to both.

For those who can afford to be public spirited, whether during lifetime or on death, there are a number of possibilities for transferring one's wealth free of the tax, such as giving to charities, political parties (the Government looks after its own), the British Museum and many others.

If a gift is not within one of the exemptions, it is geographically speaking, it is cheaper to give during life rather than on death because of the preferential rates.

A gift then during lifetime can attract capital transfer tax at the lower rates but also capital gains tax. On the other hand, if the gift is deferred until death, it will attract capital transfer tax only, albeit at the higher rates, but the amount of the latter could well be smaller than the sum of the former.

It will depend on the size of the capital gain (and retirement relief will to some extent diminish it so far as a business is concerned) but, if it is substantial, there could be a tax saving in deferring the gift until death, not that this is in the spirit of the legislation.



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TALE OF TWO SISTERS

great inflation presents great problems. It also presents acute personal problems. It is the individual to look at his own affairs, and those of his family, once money has been used to be a store of value. It is the individual to look at his own affairs, and those of his family, once money has been used to be a store of value. It is the individual to look at his own affairs, and those of his family, once money has been used to be a store of value.

One should remember the tale of the two sisters. Their father died just after the end of the war, leaving each £1,000 of Consols. One, left the money in Consols; the other sold the Consols and used the £1,000 to buy a £3,000 house in London. The wise sister had since paid off her £2,000 mortgage on a house now worth £100. The foolish sister still has the £1,000 Consols which are worth £167.50. That is a possible difference between good and bad investment in a thirty-year period. Inflation then, we move on. It is a difference of more than 225 to one.

he investor who wants to test himself has to decide how to invest. At present the rate of inflation is over 10 per cent and the last six months rate is over 30 per cent. Three years 20 per cent inflation would produce a rise in prices of about 73 per cent. 30 per cent inflation a rise of about 119 per cent. A prudent investor for personal investment should therefore be expecting that British domestic prices have doubled by mid-1978, that wages and salaries will have kept pace with that investment which cannot be expected to double by the end of 1978 is by that measure adequate.

WASHINGTON APOLOGIZES TO BANGKOK

oked over the weekend as if relations with Thailand run into serious trouble. Demonstrations were mounting an angry yell out the American embassy in Bangkok. The Thai ambassador in Washington was ordered to leave his home and Mr. Kerkira, the Prime Minister, was ordered to leave his home. The American government was ordered to leave its home. The American government was ordered to leave its home. The American government was ordered to leave its home.

the moment such things are set aside. The American government was ordered to leave its home. The American government was ordered to leave its home. The American government was ordered to leave its home. The American government was ordered to leave its home. The American government was ordered to leave its home.

parison with Wenner. Professor Agnes Headlam-Morley. Mr. Adam Ferguson points out that the effects of inflation vary only in degree. But as regards the causes, it is not feasible to compare the present position in this country with that of the Weimar Republic in 1919-1923. Germany suffered defeat in war, her resources were seriously depleted, and the government failed to raise sufficient funds to meet its obligations. The result was a runaway inflation. The present position in this country is not comparable to that of the Weimar Republic.

if the pound falls against the dollar, the value of a field of barley, or a field capable of growing barley, will rise. In effect commercial buildings gain their value from the domestic economy, residential property from the level of domestic wages, and farm land from the world price of farm products.

For that reason farms and houses are a better anti-inflationary investment than offices or shops. Houses are better than farms because they are much less vulnerable to political action; the landowner, as opposed to the owner-farmer, has an immovable asset which is an easy target for tax and other unfavourable legislation; the house-owner is protected by all the other houseowners, whose combined political might is usually irresistible.

Works of art, and particularly those with international standing, are also a cheap way to attach oneself to an international standard of value. In their case there is no premium to be paid, though considerable judgment is needed; dealing costs are always high compared to gold, property or equity shares. They are probably the most effective anti-inflation investment, but only for the very skilled investor. Gold and works of art are also non-productive; the equity investor contributes his savings to the capital development of his country.

Every right

The individual has every right to protect his savings against the ravages of inflation. There is a simple test to apply to the question of investment in inflation. If the pound were to disappear, to be inflated out of existence, what would an investment be worth in dollar or Deutsche Mark terms? With a fixed interest security, the answer is zero. If the pound were worth nothing, an income in pounds would be worth nothing. With an equity investment the answer is something, perhaps overseas trading companies would be worth more than now. Houses could still be lived in and could be sold for value in whatever money was used. Land would still grow food, and the food and the land would still have value. With gold or paintings or furniture, the European or dollar price does not depend on the British market. The pound is not going to zero, but at present rates of inflation no investment makes sense for the individual which would not survive if it did.

in Thailand's relations with her neighbours. The final collapse in Cambodia and in Vietnam, both countries of direct concern to Thailand, served to speed up the process. The Mayaguez affair thus struck a country ill-prepared for it and more than usually sensitive about its own sovereignty. Add the ingratitude of a traditionally anglophile Prime Minister and the anger at American bruising of Thai sensibilities becomes quite explicable.

In fact the roots of Thai nationalism are much less deep than they are elsewhere in Asia for the very reason that the Thais escaped foreign rule when all around them were colonized. But they exist and should not be ignored or flouted as they were last week. The temperament of the country is not, however, one that veers to extremes. A communist Thailand is almost unthinkable. Such guerrilla pockets as exist in the north-east and elsewhere lie outside the country's centre of gravity. One might therefore retain some confidence in Thailand's capacity to adjust to the new governments in Phnom Penh and Saigon while serving, in doing so, as a useful link between Indo-China and her own friends in the rest of south-east Asia.

ed on a successful period of parliamentary rule which lasted till the economic crises in the 1930s. Yours faithfully, AGNES HEADLAM-MORLEY, 29 St Mary's Road, SW19.

Christmas postage

From Mrs M. W. Vallance. Sir, What a splendid suggestion Mr. Tait (May 15) makes. If the Post Office feels it is not practical to make a concessionary rate for cards next December, perhaps it might allow such a rate for the pensioners. Just 10 stamps for each pensioner would be a cheerfulness. Perhaps they could be a copy of the original postage stamps and dare I suggest the same (or similar) price. Yours faithfully, MARY VALLANCE, 37 South Street, Durham City.

University teachers' action over pay

From Dr D. H. Michael.

Sir, As a university teacher I read with dismay your account (May 17) of the council meeting of the Association of University Teachers, at which it was resolved to recommend members to withhold examination results. I share the concern felt by my colleagues that the relative conditions of service of university staff have been seriously eroded in recent years, and I support the efforts made by the association to maintain, by representation and negotiation, the material status of university teachers. However, in this recommendation the association seeks to damage the wellbeing of the group whose interests it is our prime duty to serve, and in so doing it is I believe seriously damaging the good name of our profession.

University teachers stand in a special position of trust towards our country. We have within our ranks leading figures in many of our national and international bodies. Our research normally has support from a sufficiently high standard in the degree examination. If this information is withheld they will not be able to start on a research project and the academic staff will be deprived of the chance to work with them. The AUT strategy offends the primary role of any teacher—that the pain should be greater to others than to himself. Our militancy would have much in common with that of an angry child who stamps his little right foot—on to the left.

Professor Beckerman's observation that many university towns are in marginal circumstances is surely more pertinent. Yours faithfully, ERIC A. ASH, Department of Electronic and Electrical Engineering, University College London, Torrington Place, WC1. May 19.

From Professor John Griffith. Sir, It is not often that I agree with the Provost of University College London. But I do hope that university teachers will not take any action harmful to students. Lord Annan does not suggest any positive alternatives. Much the best seems to me to be our withdrawal from all forms of government service (paid or unpaid) until a salary claim is settled. Lord Annan could lead the way by immediately suspending his chairmanship of the Committee on the Future of Broadcasting.

Yours truly, A. G. GRIFFITH, Lecturer, School of Economics and Political Science, Houghton Street, WC2.

Extradition law

From Mr Louis Blom-Cooper, QC, and Mr Richard Pender. Sir, It is now more than a century since the Extradition Act was passed. Recent experience in extradition, proceedings demonstrates the need for a thorough revision of the whole subject of return from one country to another of fugitives from criminal justice.

In the past 100 years the Extradition Act, 1870, has become encrusted with amendments and subsidiary legislation to such a degree that it is almost impossible to determine the state of the law in relation to a particular jurisdiction or crime. The task of construing the Act and its related treaties and Orders in Council has become ever more daunting over the years. For instance, the question of extradition of a fugitive from a foreign state to the United Kingdom has become ever more complex. The task of construing the Act and its related treaties and Orders in Council has become ever more daunting over the years.

The system set up by the Extradition Act applies in relation to foreign states only; modern legislation governs the return of fugitives between this country and Ireland, Commonwealth countries and United Kingdom dependencies. We are inclined to ask whether there is rational justification for the many differences of detail between these parallel systems. Why, for example, should a fugitive be amenable to surrender to a Commonwealth country only if his offence would actually constitute a crime if committed in England, whereas this condition does not apply in the case of a fugitive from a foreign state?

Furthermore, some of the provisions of the Extradition Act which have been incorporated into the more modern legislation seem better suited to Victorian than to contemporary conditions. Is it any longer appropriate for the courts to determine who are entitled to asylum and freedom from the criminal process applying in the countries in which they commit their crimes? Could not the objects of conferring immunity from extradition be better met by the exercise of the Home Secretary's discretion?

We suggest that it is high time the Government set up a departmental committee to consider the law of extradition in a world where people travel so readily and quickly from one country to another. Yours faithfully, LOUIS BLOM-COOPER, RICHARD PENDER, Goldsmith Building, Temple, E.C.4.

Reporters' courage

From Brigadier Lord Ballantrae. Sir, As nobody else seems to be doing it, I would like to express on behalf of many of us our admiration of the courage shown by reporters in every medium during recent events in Vietnam and Cambodia.

I am, Sir, your obedient servant, RALPH BALLANTRAE, Auchincruive, Ballantrae, Ayrshire. May 16.

Ulster coalition

From Miss A. C. Hannay. Sir, The unqualified, unanimous and surprising condemnation by the members of the United Ulster Unionist Council, is surely a sad commentary on present day political morals in England. The UUUC, a coalition party guided by a very efficient co-ordinating committee, has, as yet, done nothing more than to keep an election and declare its intention of keeping its election pledges. It was voted into the Convention on two pledges—union with England to be maintained, "power-sharing" with Republicans to be refused. As, with the Ulster Unionist Party, the Ulster Northern Ireland Parliamentary Results, Republicans, even in 1973, were only a minority of a minority, to deny them the most highly paid offices in a local regional government would not seem unreasonable to an objective observer. But the media, apparently horrified at the idea of keeping an election pledge, seems to have become quite hysterical on the subject.

us. Their use as hostages in a shooting war with Mr. Pender gives rise to a somewhat displeasing image. While I have no doubt that we could rise to the challenge of rationalizing our actions—with deep regret but for a greater good, the longer view, etc.—I fear that the AUT strategy is also deficient in another way. It would not work.

At least in those university departments where the wisdom imparted is not totally without bearing on the more visible needs of society, those about to graduate are already likely to have found positions in industry or commerce. Our failure to encourage the examination results will not dismay their chosen employers. There are, however, a small number of students who would be seriously affected—those who have accepted an invitation to remain in research. Normally their support by bodies such as the Science Research Council depends on the attainment of a sufficiently high standard in the degree examination. If this information is withheld they will not be able to start on a research project and the academic staff will be deprived of the chance to work with them. The AUT strategy offends the primary role of any teacher—that the pain should be greater to others than to himself. Our militancy would have much in common with that of an angry child who stamps his little right foot—on to the left.

Professor Beckerman's observation that many university towns are in marginal circumstances is surely more pertinent. Yours faithfully, ERIC A. ASH, Department of Electronic and Electrical Engineering, University College London, Torrington Place, WC1. May 19.

From Professor John Griffith. Sir, It is not often that I agree with the Provost of University College London. But I do hope that university teachers will not take any action harmful to students.

Lord Annan does not suggest any positive alternatives. Much the best seems to me to be our withdrawal from all forms of government service (paid or unpaid) until a salary claim is settled. Lord Annan could lead the way by immediately suspending his chairmanship of the Committee on the Future of Broadcasting. Yours truly, A. G. GRIFFITH, Lecturer, School of Economics and Political Science, Houghton Street, WC2.

are inclined to ask whether there is rational justification for the many differences of detail between these parallel systems. Why, for example, should a fugitive be amenable to surrender to a Commonwealth country only if his offence would actually constitute a crime if committed in England, whereas this condition does not apply in the case of a fugitive from a foreign state?

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unions" for the mass the country is in at present? Yours truly, A. C. HANNAY, Glencairn House, Rostrevor, co. Down.

Babies for burning

From Mr Martin Mearns. Sir, The criticisms made against the book *Babies for Burning* may be obscure (and are intended to be obscure) but the fact that the vast bulk of the extremely grave allegations in it remain virtually unchallenged—not, one may surmise, because of any lack of enthusiasm on the part of the critics but simply because they are unchallengeable.

The sum of the allegations is that the private abortion industry is run by corrupt people for their own profit and without interest in or regard for the welfare of the unfortunate women involved. Named bodies and persons, including those with medical qualifications, are accused of being (inter alia) abortionists, incompetent, fraudulent, illegal providers of abortions on demand, and without professional integrity.

Now these allegations may or may not be true but the fact is that they have been made against at least 20 named bodies and persons. Of these bodies or persons only two, I understand, have brought libel actions against the *News of the World* (where the allegations were first made) and only one of these actions is active. Three actions have been brought against the publishers of the book of which it appears only one is active. All of three applications for injunctions made to prevent publication of the book were unsuccessful and in two instances the unsuccessful applicants paid the publisher's costs as well as their own.

It could hardly be more evident, therefore, that the book has made out a prima facie case which ought to be investigated. One is entitled to wonder about the good faith of all those eminent people who seem so anxious that the case be not even looked into. Yours truly, MARTIN MEARS, 92 High Street, Garsdon, Norfolk.

Referendum issues: trading balances

From Mr Nicholas Fallon.

Sir, It is odd if as Mr de Chair says (May 16) no-one has questioned Mr Shore's account of our trading deficit with our EEC partners. The figure Mr Shore has given, £2,200 million in 1974, can be seen as the difference between imports and exports in his department's publication *Overseas Trade Statistics*. It is explained there, however, that exports are recorded under "the country of destination, the final country" whereas imports are recorded under "the country from which the goods are consigned, which is not necessarily the country of shipment, origin or manufacture".

A single item may make the point clear, and alone accounts for one-eighth of Mr Shore's deficit. Imports of crude oil from the Republic of Ireland are recorded as rising from £16 million in 1972 to £274 million in 1974. But there are no leprechauns pushing up the black gold; only Bantry Bay distribution bulk, shipping from the Middle East. It has been estimated that altogether the rise in oil prices accounts directly for a quarter of Mr Shore's figure.

There are surely many other goods whose more distant origin will appear in our statistics as EEC imports—other countries manage to record imports by origin. Possibly there is some connexion between the large increase in EEC grain imports and the prolonged closure of the Merseyside grain dock while the rapid increase in world container traffic and the frequent troubles in the Port of London may have produced other distortions in our EEC statistics. Perhaps someone can tell us; meanwhile Mr de Chair and others may be assured that Mr Shore's figure is not our EEC balance of trade, as the term is generally understood, but a fabrication of departmental convenience. Yours faithfully, NICHOLAS FALLON, 2 Lansdowne, Carlton Drive, SW15. May 17.

From Mr Peter Blaker, Conservative MP for Blackpool, South. Sir, Mr de Chair (May 16) says that nobody has successfully challenged Mr Peter Shore's claim that we have a trading deficit with the other members of the EEC of about £2,000m a year. True. But what many of us in the House of Commons have challenged is his insinuation that the cause of this deficit is our membership of the Community. Though invited time and time again to say what in his opinion is the cause, he has avoided answering the question while continuing to give maximum publicity to the figure.

In October last year the official publication of his department, *Trade and Industry*, listed a number of reasons for the deficit, but did not include among them our membership of the Community. Mr Shore has never repudiated the analysis given there. The main reasons for the size of the deficit are growth in demand and output in 1973, which sucked in imports; the economic problems in 1974 following the miners' strike.

Uses of exorcism

From Professor G. Lampe. Sir, Dr T. M. Parker (May 17) seems to have misunderstood the references to "Anglican tradition" in the "55 academics" open letter on exorcism. We did not forget that Canon 72 of 1604 recognised the bishop's authority to license the practice; but we pointed out that it is most difficult to discover actual instances of the canon being applied. Exorcisms did take place, but so very rarely and in such an obscure fashion as to justify our contention that exorcism "is alien to the whole tradition of our Church". Even Canon 72 itself (which was discarded in the recent revision of canon law) can scarcely be said to admit and regulate the practice of exorcism "in the positive way suggested by Dr Parker's letter. Its purpose is not to commend licensed exorcism but merely to forbid unlicensed. The relevant part reads: "Neither shall any Minister... presume to attempt any exorcism, or to attempt upon any pretence whatsoever, either of possession or obsession, by fasting and prayer, to cast out any Devil or Devils, under pain of the deprivation of imposition or excommunication, and deposition from the ministry."

The historical evidence for our assertion that the Church "has never expected that her members must necessarily share all Jesus' beliefs" begins with the New Testament. According to the records Jesus lived and worked within the framework of Jewish observances and shared some of the eschatological expectations which found expression in Jewish apocalyptic. The Church, nevertheless, soon abandoned the former and greatly modified the latter.

"Finally," asks Dr Parker, "must a lifelong student of medieval thought protest once again against the popular assumption that the Middle Ages, which did much to develop natural science, had a 'pre-scientific outlook'?" He complains, further, that "one does not expect such 'historical' errors from academics". I do not understand what relevance this has to our open letter, since at no point does it mention a "pre-scientific outlook", nor does it contain any reference whatever, explicit or implicit, to the Middle Ages. Had we wished to do so, we might perhaps have said (and this would have been as true as any generalization about a whole period of history can be) that most people in the Middle Ages did have a pre-scientific outlook in so far as they believed in the existence of demons. But since, in fact, we made no observations on this subject of any kind and looks regrettable as though Dr Parker wrote a severe public criticism of a document without first taking the trouble to read it. Yours faithfully, GEOFFREY LAMPE, The Divinity School, St John's Street, EC1. May 16.

Art in Country houses

From Mr John Morley. Sir, May I, as director of a fairly large and comparatively well equipped institution, make a comment on Mr Fuller's article (May 10).

Provincial museums, with their scanty resources, various forms of control and almost complete lack of national financial support, are completely unprepared to receive a flood of great works of art. It is folly to attempt to foist a national responsibility on to local government's shoulders without preparation or calculation of the consequences. Nor can I believe that my fellow curators would welcome accession, however magnificent, that were acquired at such a cost. English country houses and their collections are entities of far more cultural and historical significance than are the provincial museums, and it should be the national policy to preserve them as entities.

Yours truly, JOHN MORLEY, Director, Art Gallery and Museums and The Royal Pavilion, Brighton. May 16.

Tank warfare

From Lieutenant Colonel S. I. Howard-Jones. Sir, I read with dismay an article by Mr Philip Howard entitled "A

and three-day week, which did the same; the fact that many foodstuffs have been cheaper to buy in the EEC than elsewhere (which has reduced our deficit with the world); and the increased cost of refined oil products from Holland and Belgium. Some of these factors have been applied to our trade with the rest of the world which explains why our deficit with some other areas has increased more rapidly than with the EEC.

Mr Callaghan on December 18 last told the House of Commons that in his opinion our membership had made little difference to our trading balance with the EEC one way or another. In answer to a recent letter from me the Prime Minister has replied saying he agrees with Mr Callaghan.

Mr Shore's preferred alternative to the EEC is apparently a free trade arrangement with the same countries. He has never satisfactorily explained how this arrangement, even if attainable, would improve our trade balance with them compared with a Common Market. Perhaps he will now come forward and do so through your columns. Yours faithfully, PETER BLAKER, House of Commons. May 17.

"Don't know"

From Professor C. D. Harbury and Dr D. W. Bitchens. Sir, We amongst many others, were opposed to entering the EEC during the 1971 debate. The main reason was that the economic and political advantages and disadvantages were decidedly uncertain. At the time there seemed no clear case for taking the step.

Today, the situation has changed only in one respect. We have been members of the Common Market for a little over two years. There seem to us to have been, as yet, no substantial obvious benefits or detriments to this country. The current debate is about short-run gains and losses and still hangs heavily on unreliable predictions about the long-term larger issues.

A vote to leave the EEC now is likely to be irreversible; for one can hardly expect the other members to receive a future application for re-entry enthusiastically. Yet, the case for remaining in the Common Market a little longer to assess at least the middle-term effects is, in our view, overwhelming. The matter therefore becomes highly emotional and no one is sufficiently well-informed to decide rationally how to vote. It is probably too late for Parliament to change its mind and defer the referendum. However, we suggest that a further alternative be put on the ballot paper: "Don't Know". If the government would accept a majority of "Don't Know" votes as a sign that it should hold another referendum later, it could allow time for the effects of our sustained membership to be seen with at least a modicum of reliability. Yours faithfully, C. D. HARBURY, D. W. BITCHENS, The City University, St John Street, EC1. May 16.

Jewish observances and shared some of the eschatological expectations which found expression in Jewish apocalyptic. The Church, nevertheless, soon abandoned the former and greatly modified the latter.

"Finally," asks Dr Parker, "must a lifelong student of medieval thought protest once again against the popular assumption that the Middle Ages, which did much to develop natural science, had a 'pre-scientific outlook'?" He complains, further, that "one does not expect such 'historical' errors from academics". I do not understand what relevance this has to our open letter, since at no point does it mention a "pre-scientific outlook", nor does it contain any reference whatever, explicit or implicit, to the Middle Ages. Had we wished to do so, we might perhaps have said (and this would have been as true as any generalization about a whole period of history can be) that most people in the Middle Ages did have a pre-scientific outlook in so far as they believed in the existence of demons. But since, in fact, we made no observations on this subject of any kind and looks regrettable as though Dr Parker wrote a severe public criticism of a document without first taking the trouble to read it. Yours faithfully, GEOFFREY LAMPE, The Divinity School, St John's Street, EC1. May 16.

Pioneer of Tank Warfare Remembered" in your May 15 edition, and was astounded to note that the name of Major General Sir Percy Hobart was not even mentioned. If Sir Basil Liddell Hart and General J. F. C. Fuller were able to add their comments I have no doubt that they would wish the name of General Hobart to be included with their own names in the development of the tank and tank tactics which were so boldly progressed by General Hobart in the middle thirties, and brought to fruition during the Second World War. Yours faithfully, S. I. HOWARD-JONES, Craig House, Linsers Wood Close, Bramley, Guildford, Surrey. May 15.

"Shall we dance?"

From Dr Georges C. Ware. Sir, If Betty Gearing (letter, May 17) reserves our table, arranges the taxi and pays the bill, I would be happy about her asking me to dance. Moreover, if she buys me enough drinks and signs up my dance card I might even let her take me home. Yours, etc, GEORGES C. WARE, Senior Common Room, University of Bristol. May 17.

Dividend (Net) per Share

**The Report and Accounts
Secretary, Avarys Limited,
Midlands B66 2LP.**

Engineers make a fresh move for unity

By Derek Harris

For 10 months the focus of controversy over a restructuring of the engineering profession, the Council of Engineering Institutions, is understood to be making a major extension to plans aimed at strengthening unity in the profession.

It could open the way for voting power within a reorganised CEI by some members of non-chartered engineering organizations, including technicians. The CEI is now the umbrella body merely for 15 chartered institutions out of a total of more than 40 organizations representing engineers' interests.

It could open the door of the chartered club to members of non-chartered bodies opening for affiliation with CEI, although only if they reached the accepted standards as individuals. They would be able to vote only for direct-election candidates.

At present a non-chartered body like the Institution of Heating and Ventilating Engineers could expect a majority of its members to gain a vote, and at least half the members of the Institution of Measurement and Control would probably also meet the criteria.

When voting powers for non-chartered engineers were mooted earlier in the restructuring controversy it proved an explosive issue among some of the chartered bodies, who feared a virtual takeover by the numerically stronger technician engineers.

The new formula looks like offering a way round that problem while still creating an opportunity of uniting the two main bodies of the profession. Fragmentation of the two sides has previously given rise to calls for parallel umbrella institutions for chartered engineers on one hand and technician engineers on the other.

Another new idea emerging at the CEI is underfoot is for the Institution of Engineers Registration Board, which has the majority of engineers of every grade on its books, to channel discussions with Government on European harmonization of laws. These will come into force if the June referendum keeps Britain in the EEC.

This idea could allay the increasing anxieties of the Department of Industry, responsible for the professions, which fears a damaging indecisiveness among engineers during European negotiations. The CEI has made soundings on its extended plans, and discussions on restructuring are now reportedly going well.

Motor trade expert urges dealers to review new stocks as orders fall

By Clifford Webb

Forecasts of further recession in sales of new cars are worrying the motor trade. Manufacturers fear this loss of confidence could result in reduced orders and more short-time in factories.

One of the gloomiest predictions came yesterday from Mr Ronald Sewell, a motor trade consultant, who has called his clients to an emergency meeting on June 11 to discuss crisis tactics.

Mr Sewell said the level of new car registrations in the first four months of 1975 indicated a year-end total of nearly 1.5 million cars as against manufacturers' forecasts of no more than a million.

"This would imply that in the remaining eight months of this year there will be an average drop in monthly

registrations of 39 per cent. This would leave dealers grossly overstocked."

He urged dealers to review new vehicle stocks and if necessary reduce orders. He also gave warning that if this was done it would be necessary to make good the shortfall by improved sales of used cars.

Price cutting and the widespread use of incentive schemes are being blamed for the pessimism.

Mr Sewell, who is rapidly acquiring a reputation as one of the manufacturers' toughest critics, attacked the bulk deposit scheme which requires dealers to deposit large sums with the manufacturers based on expected sales.

He said there was strong evidence to suggest that this money was being used to improve manufacturers' working capital at a time when dealers urgently needed it for their own cashflow problems.

Mr Sewell advocates a simpler "sale or return" scheme involving a fair element of part payment. If manufacturers were incurring heavy costs in storing surplus vehicles, they could supply them on a "free loan" to dealers until they were actually sold.

Edward Townsend writes: The Department of Industry said yesterday that the total turnover of the motor trades in the first quarter of the year was 30 per cent higher than in the same period of last year, although sales in that time were badly depressed by the three-day week and shortage of petrol.

The value of new vehicle sales was also up 30 per cent over last year with used vehicle sales up 32 per cent. A 30 per cent increase was also recorded for other sales and receipts which includes petrol, oil, tyres, spares and repairs.

CWS going ahead with investment

By David Young

Britain's tenth largest business, the Co-operative Wholesale Society, is going ahead with its multimillion investment programme in preparation for an expected recovery in the economy in 1977.

Mr Arthur Sugden, its chief executive, said yesterday. Like most businesses, the CWS could not regard 1974 as a highly successful year, but he was not pessimistic about the future.

In 1974 the CWS saw sales grow by 27 per cent—£190m—to £903m, although its profit at £18m after 66m depreciation, was £3.7m less than in the previous year. The turnover does not include that of the two main CWS subsidiaries, the Co-operative Bank and the Co-operative Insurance Society.

Mr Sugden said: "The perspective of full recovery seems to be moving back from 1976 to 1977. Our refusal to renege on our capital investment programme this year is an indication of our confidence in the future."

He hoped the Government would recognize the difficulties and give some relief to food manufacturers in particular—by easing some Price Code rules. Food division trade last year totalled £650.9m excluding VAT, an increase of 12.6 per cent or 24.1 per cent, on 1973 sales, which included Scottish trade for the second half of the year only. Non-food sales totalled £174m, an increase of £33.3m.

Yarrow chairman attacks 'unfair' takeover terms

By Peter Hill

Government terms for the acquisition of specialist naval shipbuilders, Yarrow (Shipbuilders), one of the companies scheduled for nationalization, were attacked as "totally inadequate" by the company's chairman, Sir Eric Yarrow yesterday.

In a letter to shareholders urging them to write to their MPs to protest, Sir Eric said that for a total price which might not be more than £4.64m the Government would acquire net tangible assets of more than £10m and a company which earned pre-tax profits of over £7m in the last financial year.

Although the price would be a matter for negotiation with the Government, Sir Eric said that the average share price of the parent firm, Yarrow and Co, would be a relevant factor.

The Government had said that compensation would be "fair", but it was clear that a valuation of the company related to the acquisition of specialist naval shipbuilders, Yarrow (Shipbuilders), one of the companies scheduled for nationalization, were attacked as "totally inadequate" by the company's chairman, Sir Eric Yarrow yesterday.

He also claimed that Government-imposed dividend restraint during the chosen reference period had depressed the Yarrow share price. The nationalization Bill contained no provision for valuation adjustments to take account of changes in company circumstances, and that share prices quoted on the Stock Exchange reflected the value of the company's assets. In a general offer to shareholders a premium was invariably paid over the company's share price immediately before the bid.

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Coal leader says gas price policy misleading

A leading coal trader yesterday attacked the gas industry's pricing policy. Mr Peter Hawfield, chairman of the Chamber of Coal Traders, said the Government should adopt a more logical pricing policy for energy generally.

Gas from the southern North Sea field, together with gas from the more expensive Frigg and Brent fields in the far north would be exempt from petroleum revenue tax, he said after the annual meeting of the Coal Industry Society.

This meant that the British Gas Corporation could continue for some time to offer the domestic customer in particular what were apparently attractive prices, and many customers would convert to gas believing that the existing price differential would be maintained.

But as the higher cost Brent and Frigg gas became available, and at a later date when gas was produced which carried PRT, those customers who had the expense of converting to gas may find they were no better off at all. This was "misleading and inequitable".

Hitachi aims to step up colour TV production

Tokyo, May 19.—Hitachi intends to increase colour television production to 200,000 sets a month from the beginning of June from a little more than 70,000 this month, a spokesman said here today.

Production was held down to between 60,000 and 70,000 a month from January to April because of weak domestic and export demand and the need to cut inventories.

By the end of this month, stocks are expected to be back to normal levels of about two weeks' supply. Demand is still slow but has been picking up.

The spokesman said Hitachi aims to maintain a monthly output of 90,000 units, at least until the end of September. Investment eased: The government will decontrol direct foreign investments in Japan's retail business entirely from next month, subject to formal Cabinet approval on Friday, the Finance Ministry said.

The Foreign Investment Council submitted recommendations to the Finance Minister that Japan should open the retail trade to foreign capital as early as possible. It was stated—*Reuters*.

Greece repeals tax privileges

Athens, May 19.—Special corporate and personal tax privileges given to foreign companies based in Greece but operating outside the country have been repealed by the Government.

Many of the 62 American companies involved are those which set up regional headquarters in Athens to administer sales and supply operations in the Middle East or eastern Mediterranean area.

The move is part of the Government's process of reexamining laws and contract dealings with foreign business as they existed under the military regimes of Colonel George Papadopoulos and his successors.

British Airways switch to BABS reservation system

British Airways has switched over to the new BABS reservations system for its overseas division, and plans to complete the changeover with the inclusion of the European division next November.

Last June the airline's new IBM 470 computer system took over the reservations work from the overseas division from the earlier 360s, but in the initial stages of the conversion this involved continuing with the former Bosconics system programs.

Now the more powerful and comprehensive BABS system, designed for both long-haul and short-haul operations, is handling the overseas division flight reservations.

In the final switch-over next November, the European reservations which are handled at present on the ex-BEA Bosconics Univac-based system will also be absorbed.

British Airways is one of 14 international airlines which grouped together last October to complain to IBM about the performance of their reservations computer systems, and about the lack of support given by the company in solving hardware and software problems.

The airlines formed a joint committee which presented their complaints to IBM at meetings held in October and in January. Last week a third meeting was held, to review the IBM response to the complaints. British Airways describes this meeting as "constructive", while IBM declines to comment on it. A further meeting is planned for July.

Yesterday IBM confirmed that Mr Alec Henderson had succeeded Mr Jack Atkinson as director of the company's International Airlines Support Centre at Feltham, Middlesex. This centre is the main point of contact with the company for the international airline customers.

Mr Henderson moved into his new position last month. Mr Atkinson was at present on leave from his duties as a director of the company, and would be returning later this year.

The maintenance service pro-

LETTERS TO THE EDITOR

Unnecessary payment of insurance contributions

From Mr David Hobman
Sir, Your correspondent, Mr Hubbard (May 8) points out that unnecessary national insurance contributions may well be paid by the self-employed near to retirement age.

In fact the situation is far worse than he, or perhaps anyone else, realises. Under rules starting from April 6 only about 85 per cent to 90 per cent of possible contributions have to be paid to qualify for a full retirement pension, and anyone within three years of pensionable age with a full record back to 1948 could safely stop contributing without losing his or her entitlement to a full retirement pension.

Unfortunately, no employed person is allowed to stop contributing, and I am very surprised that Mr Hubbard was allowed to either.

The only people who can choose to pay less contributions are married women, who can elect to pay only a lower percentage contribution, and in fact, they are advised to make this choice automatically during the months of the last tax year up to their 60th birthday.

Yours sincerely,
DAVID HOBMAN, Director, National Old People's Welfare Council, Bernard Sunley House, 60 Piccadilly Road, Mitcham, Surrey.

Forbidden matrimony adventure

From Sir John Foster
Sir, I hope that your will not be incited to in forbidden matrimony adventures by Mrs V Palma's advice in your May 10, to a father to his son's fiancée, that her "leaving her free to her stepson". She added "showing the fatherly very rare marrying ticularly dumb blonde with son looks on with a smile."

I think Mrs V Palma confused incest (a C offence since the early only) with marriage. The Marriage Act 1949, section 1, renders a marriage between a man and his mother void.

Surely many of your readers, the "pious degrees of marriage" perused at the prayer book, doubtless portions of the services they were to attend by school or authorities. The father first establish a domestic country allowing such rages.

JOHN FOSTER, 2 Hare Court, Temple, London, ECA.

Brittle defence of Bill

From Mr George Lofrus
Sir, Mr Michael Meacher gives a number of bland assurances as to the innocent intentions of the Industrial Bill and the role of the National Enterprise Board.

He would set up, but unfortunately could not set up, his defence do not bear too close examination. If regeneration of British industry is the aim, bolstering up moribund companies is not the way to do it. Regeneration occurs when old cells die and new ones take their place. The normal processes of the market would achieve this.

We have heard so often the claim that publicly-owned industries have better public supervision than their private counterparts. That is just not true. There is a strict ban on parliamentary questions about the day-to-day affairs of state corporations, whereas matters concerning private firms may be raised at any time. Discussion once a year of the annual report of a nationalized industry amounts to bolting the stable door after the horse has flown.

What, may one ask, is the worst case of public supervision? NEB should be guided by directors from the responsible minister when that minister is

currently one dedicated to the ideal of public ownership and workers' control?

Mr Meacher's arguments about disclosure to unions are surely specious. Of course, a representative of a trade union could be an employee, but enlightened companies already give as much information as is commercially expedient to their employees, and it does not require an Act to encourage them to do so. If the Bill means only a union representative who is an employee of the company concerned, it should clearly say so. It is useless to tell us how well-behaved Dutch unions have been. In this country we have to deal with unions that by and large behave like enemies of employers and the system generally.

Finally, NEB acolytes. There is apparently nothing to stop NEB, with ministerial connivance, quietly buying shares "by agreement" to gain control of an ever-increasing range of companies.

Yours faithfully,
GEORGE LOFRUS, 78 Carlton Avenue, Preston Road, Wembley, Middlesex.

Trade marks

From Mr J. Martin Wil
Sir, British industry, is entitled to a significant increasing extent in the trade mark rights by of this institution, could not accept that the non-remuneration increases in off in trade mark and procedures is either over justified.

Official fees were created recently as and, in fact, the non-remuneration increases in off in trade mark and procedures is either over justified.

Country to the implosion of your correspondent R. Aris (April 27), it members of this institution professional services been increased as a the increases in official President, The Institute at Trade Agents, 69 Cannon Street, London.

Business appointments

Chairman-designate at Laporte

Mr R. M. Ringgold, former chairman of the Lincoln Red Cat Society, has been named as chairman-designate of the Lincolnshire Chamber of Commerce and Industry.

Mr Richard Chambers of Critical Warlike Success Mr John Baker of John Baker (Insulation) as chairman of the Cavity Foam Insulation Association.

Mr H. J. Elvies has been appointed non-executive vice-chairman of Selection Trust with effect from July 30.

Mr J. J. Hughes has been appointed managing director of Alcan Ireland.

Mr C. C. Cooper has been appointed secretary of the Millard Group.

Mr J. C. Graden, director general products for the Goodyear Tyre & Rubber Co in the United Kingdom is returning to parent company headquarters in Akron, Ohio, to become vice-president, general products, for the Goodyear International Corporation from July 1.

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Halifax Building Society 1975 Annual General Meeting

Points from the statement by the Chairman, Mr Raymond Potter presented at the 122nd Annual General Meeting on 19th May 1975



Before I comment on the year's results I must give pride of place to the event which took place on 13th November 1974 when Her Majesty the Queen visited us at our Head Office. It was a day which will remain long in the memories of those present.

Progress During 1974

The assets of the Society at 31st January, 1975 were £2,787 million having increased by £560 million during the preceding 12 months. In percentage terms the increase was 17.5% compared with 14.9% in the previous year. The increase for last year would have been 15.2% had the Society not taken up its share of the Government loan to the building society movement. Receipts from investing shareholders and depositors, including £195.1 million interest credited to the accounts and not withdrawn, were a record at £1,392.9 million. Withdrawals also continued at a high level, being £924.8 million. The net inflow was £273 million compared with £254.5 million the year before.

During the year 703,383 new accounts were opened, 613,372 by investors and 90,011 by borrowers. An average of 2,306 new accounts was opened each working day.

These figures formidably underline the enormous extent of the activities of the world's biggest building society. The Society's experience during 1974 followed in general the pattern established by the movement as a whole, except that during each of the lean three months at the start of the year the Halifax had a surplus of receipts over withdrawals, however modest such surpluses were in relation to later months.

Mortgages

The Society advanced on mortgage £621.7 million of which £25 million was lent to existing borrowers for home improvements. Despite all the talk of rationing (which was certainly not without foundation) the figure of total advances was higher than that of the previous year, a fact which at a difficult time should not go unnoticed.

However, such was the demand and such continues to be the demand that rationing continues to be the order of the day.

In these circumstances, priority is naturally given to existing members, particularly investors, and within this framework slightly over half of all advances made were to first-time purchasers while about 31% were to people 25 years of age or under. Moreover 64.5% of advances were made to people with incomes of £3,000 or below and only 16.0% to people with incomes in excess of £4,000.

I mention these points in order to refute constant suggestions that building societies are not operating effectively within the groups to which I have referred.

Interest Rates

During the period since the last change in the interest rate structure operating margins were being pared down, noticeably by the increase in the rate of income tax which took place last year. It was obvious that sooner or later something would have to be done to restore margins, and this further increase in the basic rate of tax which was announced in the recent Budget made such action inevitable. Indeed the cumulative effect of recent increases in taxation would mean that societies might trade at a loss unless some adjustment were made.

On April 23rd therefore the Council of the Building Societies Association recommended a reduction in the rates paid on Paid-Up Shares Class 2 and Deposit accounts by 1½% from 1st June, 1975. Despite this reduction, the return on investments and deposits with the Society is still extremely competitive, particularly if one bears in mind the other attractions of investment in a building society.

People argue that there is no point in saving with an inflation rate at 20% or over. My own view, however, is that the high level of current savings indicates that most men and women continue to regard money as the only effective means of exchange. It is therefore imperative that Government should direct its attention firmly to arresting the evil of inflation.

Administration

The tremendous volume of business which the Society is currently handling has imposed very considerable demands on staff, agents and other officials. I extend a heartfelt thank you to all of them, to the Board and to the Executive.

HALIFAX BUILDING SOCIETY
Member of The Building Societies Association

BY THE FINANCIAL EDITOR

Looking for trends in banking

are not established by months figures. But when activity in the London market and the Bank of England's statistics back up these generalised impressions, it is at least worth noting. What the figures show is that, after six months, banking business was off again in April.

The total deposits of all Kingdom banks, which grew by under 1 per cent in September and April, by no less than 2.2 per cent in March and April. In that broad total the deposits of the City banks remained flat, but deposits of the other banks fell by 0.5 per cent.

The foreign currency markets to make the point. The City banks here appear to be recovering themselves, the deposit growth of the City banks last month, but they still not recovered to last month's level. The reason is in foreign currency markets, the City banks have been losing out to the other banks and from the City banks.

exception is the City banks, the elite of the British banking system, which, if not for the City banks, the City banks would be a much better place to be. The City banks have been losing out to the other banks and from the City banks. The City banks have been losing out to the other banks and from the City banks.

Accepting House deposits are down 15 per cent since January 1974 (with the City banks down 10 per cent). The City banks have been losing out to the other banks and from the City banks.

her small engineers without market success. But which has been around two of the domestic central pump business in the Kingdom, looked like a duck for a takeover bid.

Yesterday it got two. First offering equity worth £100,000, and then a bid for the company. The City banks have been losing out to the other banks and from the City banks.

its intent with some remarks and, more importantly, announce new lines of business, which is the latest balance-sheet. If it is to have any effect, it must be early up its sleeve to

terms of prospects. But since the City banks have been losing out to the other banks and from the City banks.

Official inquiries The time they take

Recent publication of the first official list of Department of Trade investigations is evidence of a growing appetite for investigation. Including the two investigations that have been announced since the turn of the year, the department has some 15 on the stocks at the present time.

Of these, and the list dates back to 1970, only one have been started within the past couple of years. While this acceleration of activity reflects the tone of popular and official sentiment since Mr. Heath's famous visit to the "unacceptable face of capitalism", it also pinpoints some of the inadequacies in the present machinery for protecting shareholders and creditors. The longest running investigation, that into the affairs of the City of London, has been going since the beginning of 1970, and nearly three years have passed since the compilation of the interim report.

Investigations are rarely that lengthy, but theoretically a management whose actions have precipitated the inquiry could remain in the saddle while the investigation takes place. More worrying is the time-lag between an event and the decision to investigate it. This point is underlined by the very recent appointment of an inquiry into the Dowgate East General. It is now more than 18 months since the unhappy saga of the Grenfell Trust, and Mr. Christopher Selmer, CST Investments became public knowledge.

The department's reluctance to leap into an investigation is natural. It looks, for instance, as if the investigation into Lloyds, initiated in the heat of the moment, could prove to be an embarrassing waste of time. But the investigation announced just two weeks ago, into Brynston Finance is perhaps the most badly timed of all. Initiated after a long length of time, it was announced just after a bid from a private company, owned by Brynston's chairman and controlling shareholder had gone.

North Sea Oil Speculative counters

Tricentral's share price remained unchanged at 78p yesterday after disclosures of 30 per cent increase in profits for the year, indicating the extent

to which the shares are propelled by North Sea prospects. But enough though Tricentral is still dependent on successfully negotiating a Government guarantee for £38.3m to retain its 8.4 per cent stake in this field and to arrange project finance.

Meanwhile, the gas and oil exploration division apparently did well enough last year though Tricentral has been unwilling to do so earnings on that side to pay a dividend, preferring to concentrate on retaining reserves to finance the North Sea. Commercial division clearly had a bad year. The engineering group has been closed and travel operations curtailed. In this context the derisory yield and the 1/2 per cent of around 131 million shares as a definite speculation and one where prospective government participation could obviously dilute outside forecasts of eventual earnings up to 100p a share on this side.

Berry Wiggins is a changed animal too, with oil servicing activities contributing the lion's share. (£554,000) last year rather than traditional between refining and storage activities. BWT's policy of entering the North Sea largely via service activities (eg. KCA Drilling) looks well judged at this stage and the Gold Fields deal will finance more speculative exploration activities, up to the point of a find at least. At 80p, though, the shares are still leaning upon the more speculative side of the business.

Berry Wiggins
Final: 1974 (1973)
Capitalization £9.7m
Sales £19.9m (£9.0m)
Pre-tax profits £1.26m (£1.09m)
Earnings per share 4.58p (3.77p)
Dividend gross 2.93p (2.89p)
Tricentral
Final: 1974 (1973)
Capitalization £12.2m
Sales £48.3m (£37.4m)
Pre-tax profits £1.01m (£1.45m)
Earnings per share 5.5p (£7.1p)
Dividend gross 1.6p (£2.0p)
"Institution only."

Bunzl A warning note

Final figures a little better than those mooted at the interim stage at Bunzl Pulp & Paper were counter-balanced yesterday by a warning on the outcome for 1975. Bunzl managed to raise its pre-tax profit 64 per cent to £14.1m with progress virtually across the board—the major exception being the continuing downturn in United Kingdom cigarette filter profits.

There, the factors were depressing by tobacco manufacturers and consumer pressure, and the Budget will not help. But again, this there is an over-optimistic content which, with exports amounting to around 75 per cent of profits. Ahead, however, lies a decline in demand for paper, packaging and plastics. Hence the forecast that profits are expected to fall back although they should be maintained above those of 1973—intervening years should be a warning to shareholders.

Final: 1974 (1973)
Capitalization £25.9m
Sales £150m (£94.5m)
Pre-tax profits £14.1m (£8.58m)
Earnings per share 21.3p (£14.3p)
Dividend gross 5.53p (4.93p)

After 10 years of existence the Industrial Tribunals have become an integral part of Britain's industrial life. As the Act gives them new powers to do they become more and more "labour courts" to which workers turn readily—where they might fight shy of an ordinary court of law—because they are informal, quick, accessible and cheap.

But there are some fears that they may lose something of these attributes. The Lord Chancellor's Committee on Tribunals has recommended that legal aid should be available to those appearing before them. No decision has yet been taken and the TUC oppose the change, but if it is decided upon it will tend to reduce the informality of the hearings and probably result in some delays before they take place.

The rapidly increasing number of cases will in any event impose some strain on the legal profession. The number of applications to tribunals may prove to have tripled in the two years from the end of 1974.

Last year they received about 15,000, say, 300 a week by the end of the year. By the end of this year the number may have risen to 600 a week, mainly as a result of the reduction in March of the period of service necessary before complaints of unfair dismissal can be made from 52 to 26 weeks under the Trade Union and Labour Relations Act.

The workload will be further increased by cases arising out of the Equal Pay Act, which comes into force in December, and presumably out of the Sex Discrimination Bill. To these will be added a variety of subjects on which an employee

may seek remedy from a tribunal under the Employment Protection Bill. These include the guarantee of week, maternity leave, the right to take part in trade union activities, time off for trade union duties and for public duties and a number of other provisions.

Altogether these additions could bring the number of applications next year to be between 40,000 and 50,000, say, 900 a week. About half the cases never reach the tribunals because they have been withdrawn or settled by conciliation before the hearing, but the workload is nevertheless going to be heavy.

The number of tribunal chairmen, who must be lawyers under 72, often barristers tired of travelling the circuits or middle-aged solicitors easing up a bit, will need to be substantially increased. At present there are nearly 40 full-time and 60 or 70 part-time chairmen. Their fee for a day was increased from £30 to £45 at the beginning of this year—a 50 per cent rise justified by the fact that it is the first since 1972. Probably another 100 will have to be found to cope with the increased workload.

The 1,500 employers and trade unionists on the panels from which the other members of the tribunals are drawn are also on the way to an increase on their rate of £13.65. Some of the trade unionists are officials but some are in employment and have to get time off, which they will be entitled to demand when the Employment Protection Bill becomes law.

Initially, the tribunals were not concerned with workers' rights. They were set up under the Industrial Training Act of

Eric Wigham examines the growing role of the Industrial Tribunals

1964 to hear appeals by firms against having to pay a training levy or against the amount of levy on which they were assessed. In such cases the parties were often legally represented.

The following year, however, the Redundancy Payments Act not only enabled employers to get rulings from the tribunals on how much refund they should receive from the central redundancy fund, but also gave sacked employees the right to claim payments when these were refused, or larger payments than were offered.

The number of claims heard under the training Act grew faster as test cases were settled and precedents established and, before long, redundancy cases dominated the tribunals' work. They were still given some work arising out of differences between employers and the state—for instance, over refunds under the Selective Employment Payments Act of 1966, but more and more they were used to settle arguments between the worker and his boss—for instance, to decide whether employees were given

proper details of their terms of employment under the Contracts of Employment Act, whether certain work was dock work under the Docks and Harbours Act and, most important of all, whether or not dismissals were fair under the Industrial Relations Act and later the Trade Union and Labour Relations Act.

Redundancy and unfair dismissal cases now make up the bulk of the tribunals' work and the new work they will be getting next year will also be concerned with employer-worker relations. Complaints must be brought by individuals who will seldom have much experience of the law. Legal aid can be important.

Employers were in the habit of employing lawyers in their disputes over industrial training levies and selective employment refunds. They have used them much less in disputes with workers over redundancy pay or unfair dismissal, but still more than employees have done.

The Department of Employment conducted a survey in London and Manchester to try to find out whether legal representation made a party more likely to win his case. A very slightly larger proportion of employers were successful in redundancy cases if they were legally represented than if they were not, but the difference was hardly large enough to be significant.

But in unfair dismissal cases, whereas the overall success rate was 40 per cent, the success rate of those who were legally represented was 55 per cent. About a quarter of the applicants (mostly those who were unsuccessful) felt they would have benefited by legal representation.

Applicants may, of course, have non-legal representation—for instance, a trade union official or even just a friend or relative to give them moral support. The tribunal help them as much as they can to make sure that relevant facts are elucidated.

Some trade union officials have a certain amount of legal knowledge or experience. They tended to neglect their members during the period of the Industrial Relations Act, when some 300 trade unionists also resigned from the tribunals, but nowadays they seem to give them what help they can. But the growth in the number of cases imposes a new burden on their time.

Delay in fixing a hearing is often a matter of importance for a man who has been dismissed; especially if there is a question of reinstatement. At present the hearing takes place on average eight or nine weeks after an application is received.

The employers have to be given two weeks to prepare their reply and then the papers have to be sent to the Advisory, Conciliation and Arbitration Service to give an opportunity for settlement by conciliation. And after they have finished at least two weeks' notice has to be given of the hearing.

All this may take two or three weeks longer if one or both parties is legally represented.

It seems that the balance of advantage and disadvantage in allowing legal aid is a fine one. One logical way out would be to disallow legal representation altogether, but it is generally accepted that there are cases in which it is necessary.

Frank Vogl reports on the sharply differing views about the United States outlook

America's economy: the official optimism which businessmen do not share

In the American Administration nowadays there is a growing belief that the worst is over for the economy and that the second half of 1975 will see rapid growth. The mood of optimism is almost unanimous in official circles.

Alan Greenspan, chairman of the Council of Economic Advisers, has predicted that unemployment may fall much more rapidly than most expectations. At the Federal Reserve, the chairman, Arthur Burns, also seems confident about the way the economy is going.

Even those who do have doubts, such as Treasury Secretary William Simon, are becoming worried that the upturn in the economy will cause problems, such as renewed inflation, rather than that the economy will turn up at all or that it will take a long time to begin its recovery.

Businessmen, however, are a lot more hesitant. Gathering their views is no substitute for economic models and crisp surveys and statistical analysis, but their thoughts about the future determine the strategies of their companies. The construction industry is now in deeper trouble than all other sectors, and few of its leaders share Mr. Simon's view that new housing starts will rise to an annual rate of 1.5 million units. So large, the actions decided upon have a profound impact on the economy's general development.

Most businessmen want to talk only about their own sectors, rather than the outlook for the economy as a whole. So long as they know they will not be quoted by name

they are willing to talk about their fears and hopes.

The recent meeting of the Business Council, which groups together the country's main business leaders, provided a chance to sound out their views.

One of the textile industry chiefs noted that capacity utilisation in his sector was in many cases below 60 per cent today, and while there were signs that wholesalers and retailers were finally coming to an end of a period of cutting stocks, it was still far too early to claim that the industry was out of trouble.

"It will be months before we are working profitably again", he said, adding that it would be a long time before the mills re-hired the labour they had laid off. Many textile companies were forced to raise prices, even though this would bring delays in a demand upswing, which, he said, appeared to be a factor that the Administration officials appeared to have neglected in their forecasts.

Charmen of retailing companies said it was nonsense to expect the tax rebates and tax cuts to lead to a large increase in demand for "big ticket items".

They expected increases in demand to be low, and to build up gradually. "Consumer confidence is still extremely low", said one chairman, who said real signs of a return to health for the economy might not be seen before early 1976. He roughly double the current level by the end of the year. Mr. Simon's forecast is based largely on expectations of rising consumer confidence and the recent heavy inflow of new savings to banks.

The construction industry



Mr Alan Greenspan (left), chairman of the Council of Economic Advisers, and Federal Reserve chairman Dr Arthur Burns; a forecast of appreciable economic growth



leaders stress there is still a vast inventory of unsold new houses, that mortgage rates are still high and that banks appear to be acting with extreme caution in granting new housing loans.

For these reasons these experts see a much slower pace of upswing than the Treasury Secretary, and they add that there is still no evidence that "the depression in construction has even ended".

The situation in the automobile industry is particularly confusing. Officials seem to believe that new car sales will reach an annual rate of 9.5 million units by the fourth quarter, from a level in April of little above seven million. Leaders of the big car companies share this view.

Mr Greenspan said at the council meeting that the attitudes of Americans towards the economy will be a factor in changing and moving towards

smaller and more fuel-efficient models. This was the reason, he said, for the success of foreign manufacturers in the United States market in recent months.

But the car industry leaders do not give the impression that they believe American attitudes are changing. They still maintain that the American love affair with big cars continues.

If Mr Greenspan is right and the unit sales forecasts are accurate, then it could mean that the foreign manufacturers will account for a good deal of the increase in car sales in the months ahead, because Detroit is showing few signs of making radical changes in its model ranges.

The result will be that the car makers will continue to be plagued with deep problems and the continued sluggishness of their sales will hinder the whole pace of the United States economic recovery.

The chairman of one of the largest oil companies expressed grave concern about the lack of action by Congress on the energy front, and feared that utilities and energy companies might suffer severe problems because of a lack of capital.

One copper company chief said that while world copper prices might rise by the autumn, the industry, like the economy, was unlikely to see much growth for many months to come.

Placing the comments of the individual business leaders together, a picture emerges of an economy that will move ahead in the second half of 1975 at an almost imperceptibly slow pace, with unemployment remaining as big a problem at the year's end as it is today.

Certainly the impression is not one that supports the views of Mr Simon, Mr Greenspan and Dr Burns, that 5 per cent real national product growth is likely in the second half, let alone the even more optimistic forecasts now being made by a host of respected academic and bank economists.

It could well be that the businessmen are displaying an excess of caution and pessimism as a reaction to what has proved to be their excessively optimistic views of six months ago.

Nevertheless the Business Council membership represents forecasts now being made by a host of respected academic and bank economists. It is a valuable counterweight to the present optimism of Washington officials—an optimism that to some degree is based on political considerations rather than on thorough and objective economic research.

Business Diary: Hook of Holland • Out of print?

among the Government's young advisers, drafted Labour came to power, it is stirring. Stuart Speck, a young adviser to the Minister for Overseas Development, has a book which implicitly rings down Labour's policy.

One of those occasions it is more important the stirring than what stirred, for Holland at the beginning of the trial National Enterprise and the Planning System.

And, with the left, it looks as if he is in trouble with the Minister. Still, Holland, for Mr Wilson in the Government, is a man. There could always and time.

ing odds

lchral gloom of Wood is, being enlivened by the presence of the neighbourhood. They have been picked out and back entrances until on off all month up to put pressure on a director of an investment banking firm privately also owns & Johnston, who to the likes of Ideal Readers Digest. Friday the normal of four picks will be the arrival of a group of sympathisers headed by Bidwell, the Tribune and Labour MP for Southall, 40 prize-winning

from three unions have been sitting in at the firm's Ironmonger Lane premises since the beginning of the month. John Foster, a young man who speaks for the men, said the sit-in started after Alexander called the men in one day to ask for one in four redundancies, only to inform them by letter the next day that the firm would be closing down.

Alexander, however, says that the letter was written after an unsuccessful "final" meeting at which he tried to make it clear that unless 12 redundancies were accepted, then there was no alternative to closure. The meeting, in turn, had followed six months of consultation, in which the men refused to contemplate any redundancies.

The men, he adds, can march until Kingdom Come as far as he is concerned. Work, other than that appropriated by the men, is being returned, management staff are under notice and it remains only for the men to emerge and "collect" their redundancy pay.

Bullish air

"When business is bad, sales of business aircraft seem to be good", Alvin Balaban, a marketing manager with the general aviation division of the United States multi-industry company Rockwell International, said in London yesterday. To back up his claim he had figures showing that during the seven months to April this year his division had delivered 103 aircraft, compared with 95 in the same period of 1973-74. Most of these were twin turbo-prop aircraft being used by corporations. "It's a time of recession, companies seem to be going further and further into the United States to find new customers, and if they go further afield, they



"I believe there's a union rule, comrades, stating that it's illegal for democratic decisions to be taken by more than a quorum."

need an aircraft instead of a car", Balaban explained. "A further point is that due to the energy crisis, some owners are changing over from business jets to jet-prop aircraft because the sales of our own Sabre jet are holding up well."

Balaban's story being so bullish, we tried it out on our own general aviation leaders, Fairley-Britten-Norman, at their base in the Isle of Wight. "Well", said Desmond Norman, one of the joint founders, "we are maintaining our sales, but we are having to work like dogs for every one."

Sheep worry

Esso Petroleum, which for years has supplied Britain's farmers with oil and petrol, is now learning at first hand some of the problems that beset its rural customers. The oil giant owns a flock of 70 sheep, which with their shepherd and his two dogs are based at the Fawley refinery near Southampton to keep down the grass, particularly where there would be a fire risk from mechanical entries.

spokesman said each borrower will be charged a "handling fee", but because there is no profit the fee will be less than the interest rate charged by non-Muslim banks.

We're now looking for the office copy of the Bible.

Italian affair

A step forward in tackling Italy's scandals in public life has been taken with the announcement in Milan that an investigating magistrate has formally preferred charges against the Christian Democrat former Senator Graziano Verzotto and two other senior executives of the Sicilian regional government's minerals corporation.

They are charged with "participation in continued peculation", in that they allegedly received supplementary secret interest payments on the corporation's deposit accounts with two Milan banks, one of them the former Banca Unione of the Sindona group.

The three are accused in the magistrate's report of obtaining about 120m lire (about £80m), of which about 80m lire came from payment of an extra "black" 2 per cent in addition to the 5 per cent paid openly on the corporation's funds deposited with Banca Unione, and about 40m lire received in like manner from funds deposited with Banca di Milano, a small Milan bank.

The magistrate furthermore reproaches Verzotto for allegedly trying to conceal the fact that he was a director of Banca di Milano.

Afterthought: according to Ferranti's 1974 accounts the company gave £5,000 to the Conservative Board of Finance. And this year...

Youghal

Carpets (Holdings) Limited

SALES INCREASED IN A DIFFICULT YEAR

"Dutch acquisition a major step forward in the life of the Company"

Highlights from 1974 Accounts and Statement to Shareholders by the Chairman, Mr. Brian L. J. O'Brien.

- * Total sales increased by 16% to £28,340,000. The ability of a company to hold its market during periods of recession is, I believe, an important indicator of its strength and vitality.
- * A final dividend of 15% (3.75p per share) is recommended making 35% for the year. A scrip issue equivalent to a further 3.75p per share is also proposed.
- * Profitability was affected by higher interest charges, the change in the raw material market and exceedingly difficult selling conditions.
- * Acquisition of the Dutch company, Koninklijke Vereenigde Tapijfabrieken NV (KVT) enables the Group to obtain a foothold on the Continent to make a start in building a profitable manufacturing and trading division outside Ireland and the United Kingdom.

Copies of the Report and Accounts are available from the Secretary, Youghal Carpets (Holdings) Limited, 1 South Mall, Cork, Ireland.

FINANCIAL NEWS AND MARKET REPORTS

Influence of LME in establishing metal prices throughout world

A Special Correspondent.

The London Metal Exchange has been called many things by its people, but few deny its influence in helping to establish metal prices. One might say it is a disproportionate influence since the United Kingdom by no means the world's main consumer of non-ferrous metals.

A trade journal the other day noted an American dealer as missing this as an accident of geography, linked to the fact that the sun rises in the east. On occasions, he said, when he is in the morning with only questions in mind: "What are the opening prices of the metals?" and "How do I get out of my hotel bed?"

It is an amusing but not a convincing explanation. For instance, does the rest of the world look to Chicago for its metal prices? Or to London? Or to the LME? The fact that it is in the morning with only questions in mind: "What are the opening prices of the metals?" and "How do I get out of my hotel bed?"

Mr. Jevons's case was slightly different. He made it clear to his French audience that he had little faith in the efforts of commodity producers to establish "fair" prices. These programmes are largely ineffective in times of short supply, he said. "In times of over-supply, one finds that one of the weaker brethren in the cartel might be letting something out through the back door."

The laws of supply and demand, he went on to claim, would always prevail. There were always two prices for a commodity: the minimum that the producer was prepared to sell for, and the maximum the consumer was prepared to pay. All sorts of artificial means could be used to adjust prices, but they have never been really successful.

"Stockpiling and production to raise market prices, but meanwhile depriving the producers of much-needed foreign currency."

"In very simple terms, a producer's price is determined by the demand for his product. It is not the other way round."

reign change

dollar eased slightly in this morning's trading, with most centres closed for the day. The pound continued to be the dominant force in the foreign exchange market, with the dollar price of the pound rising to 1.9450 from 1.9400.

The recent swift decline in the pound's value, which was apparent at about 2.50 p.m. on Friday, was due to a combination of factors, including a rise in the discount rate and a strengthening of the dollar.

Position sterling

Market rates (pence per dollar):

Month	Rate
1 month	150.00
3 months	150.00
6 months	150.00
12 months	150.00

ward Levels

1 month 150.00
3 months 150.00
6 months 150.00
12 months 150.00

ank Base Rates

Days Bank 91%
Loans & Co. 93%
Days Bank 94%
Westminster 94%
Days Bank 111%
Century Bank 111%
Days & Glynn's 91%

H. NIGHTINGALE & CO. LIMITED

Thames Valley Street, London EC2R 8EP

Low Company

Low Company	Price	Change	Dividend	P/E
35 Armitage & Rhodes	123	-3.0	6.8	4.9
20 Henry Sykes	123	-4.9	4.0	8.2
29 Twinklford	123	-0.8	2.6	7.7
45 Twinklford	123	-0.8	2.6	7.7

Commodities

Copper: After a very steady session, copper prices were slightly higher. The three-month contract was at 150.00, up from 149.50. The one-month contract was at 149.50, up from 149.00. The six-month contract was at 149.50, up from 149.00.

Aluminum: After a very steady session, aluminum prices were slightly higher. The three-month contract was at 150.00, up from 149.50. The one-month contract was at 149.50, up from 149.00. The six-month contract was at 149.50, up from 149.00.

Steel: After a very steady session, steel prices were slightly higher. The three-month contract was at 150.00, up from 149.50. The one-month contract was at 149.50, up from 149.00. The six-month contract was at 149.50, up from 149.00.

Wall Street

New York, May 19.—Wall Street continued from late last week, with the New York Stock Exchange closing at 128.32, up from 128.00. The Dow Jones Industrial Average was 2,829.32, up from 2,828.00.

The recent swift decline in the pound's value, which was apparent at about 2.50 p.m. on Friday, was due to a combination of factors, including a rise in the discount rate and a strengthening of the dollar.

Discount market

Some discount houses appeared a little discouraged by the size of the shortage that eventually emerged yesterday.

Rates: 3 months 150.00, 6 months 150.00, 12 months 150.00.

Recent Issues

1 month 150.00
3 months 150.00
6 months 150.00
12 months 150.00

Authorized Units, Insurance & Offshore Funds

Unit	Price	Change
1.0000	1.0000	0.0000
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Authorized Units, Insurance & Offshore Funds

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Eurobond prices (midday indicators)

Country	Par	Offer	Offer
France	100.00	100.00	100.00
Germany	100.00	100.00	100.00
Italy	100.00	100.00	100.00
Spain	100.00	100.00	100.00
UK	100.00	100.00	100.00

NESTLE ALIMENTANA S.A.

CHAM and VEVEY

Switzerland

PAYMENT OF DIVIDEND COUPONS

Notice is given to shareholders that following a resolution passed at a General Meeting of shareholders held on 15th May 1975, a dividend for the year 1974 will be paid to them as from 20th May 1975, as follows:

per share	Frs. 65.—
less Swiss federal tax of 30%	Frs. 19.50
or net	Frs. 45.50

against delivery of coupon No. 18.

This amount is payable in Swiss francs. Paying Agents outside Switzerland will pay in the currency of the country in which the coupon is presented, at the rate of exchange on the day of presentation.

Coupon No. 18 accompanied by a list of share numbers, may be presented as from 20th May 1975, at the following Paying Agents of the Company:

In Switzerland:

Swiss Credit Bank, Zurich, and its branches.

Swiss Bank Corporation, Basel, and its branches.

Union Bank of Switzerland, Zurich, and its branches.

Banque Populaire Suisse, Bern, and its branches.

Banque Cantonale Vaudoise, Lausanne, and its branches and agencies.

Banque Cantonale de Zurich, Zurich, and its branches.

Banque Cantonale de Bern, Bern, and its branches.

Banque Cantonale Zougnoise, Zug, and its branches.

Banque de l'Etat de Fribourg, Fribourg, and its agencies.

Darier & Cie, Geneva.

Lombard, Odier & Cie, Geneva.

Pictet & Cie, Geneva.

Handelsbank in Zurich, Zurich.

In England:

Swiss Bank Corporation, London.

In the United States of America:

Morgan Guaranty Trust Company of New York, New York.

Swiss Bank Corporation, New York.

In France:

Crédit Commercial de France, Paris.

Banque de Paris et des Pays-Bas, Paris.

In Germany:

Dresdner Bank A.G., Frankfurt/Main and Düsseldorf.

In Holland:

Pierson, Helderling & Pierson, Amsterdam.

In Austria:

Girozentrale und Bank der österreichischen Sparkassen A.G., Vienna.

Cham and Vevey, 15th May 1975.

The Board of Directors.

UNILAC, INC.

PANAMA

PAYMENT OF A DIVIDEND

Notice is given to shareholders that following a resolution passed by the Board of Directors on 5th May

Ansafone
 HAVE A **ONE YEAR** CONTRACT
 Let Ansafone answer your phone
 18 Upper Brook Street, London W1Y 2HS.
 RING ANYTIME 01-629 9232

RING ANYTIME 01-629 9232

[illegible]

• Ex dividend. • Ex all. • Forecast dividend. • Corporate price. • Interest payment passed. • Price at suspension. Dividend and yield exclude a special payment. • BIC company. • Pro-forma figures. • Forecast earnings. • Capital distribution. • Ex rights. • Ex scrip or share swap. Tax-free. • Price estimated for late dealings. •

TUE. TIMES SHARE INDICES

The Times share indices for 19.05.75 (base date June 2, 1964 original base date June 2, 1964)

	Index, Late- 1929	Div. % ^a	Baro. Yield	Index No. Previous
These Industries and Shares Index	144.48	8.38	12.1	128.73
Largest Cos.	142.87	8.33	12.71	137.90
Consumer Goods	147.94	7.92	14.81	143.48
Capital Goods	142.66	8.66	14.88	137.54
Consumer Goods Share Shares	142.47	8.31	12.88	138.83
Share Shares	139.7	7.81	14.51	131.58
Largest financial shares	159.51	4.97	—	187.64
Largest financial and industrial shares	128.16	6.97	—	146.08
Commonly held shares	225.82	4.62	13.99	233.61
Gold Mining shares	663.04	4.90	7.49	659.30
Industrial debenture stocks	73.36	8.54 ^b	—	73.06
Industrial preferred stocks	41.1	16.69 ^b	—	45.45
3½% War Loan	1594	7.57 ^b	—	229

^a Based on the Times Industrial Share Index
Indices in green below

	High	Low
All-time	144.48 (14.08.73)	80.35 (12.22.19)
1929	288.47 (18.08.73)	83.42 (06.05.73)
1927	176.48 (25.02.73)	52.13 (12.11.71)
1925	171.31 (21.01.73)	329.89 (14.04.73)
1923	171.31 (21.01.73)	329.89 (14.04.73)
1921	171.31 (21.01.73)	329.89 (14.04.73)
1919	248.18 (21.01.73)	120.79 (14.06.70)

^b Times Interest Yield
See Appendix

LEGAL NOTICES

1170N for the WINDING
above-named Company

on a sharp peak of 125 m.m.

on a sharp peak of 125 m.m.

Secretarial and General Appointments also on page 25

GENERAL

JUDY FARQUHARSON

COMPANY SECRETARY: C.I.S. qualified and legal knowledge. City. Salary £3,000-£3,500.
INTERNATIONAL MARKETING RESEARCH EXECUTIVE: German language plus fluency in English. Research experience. Travel. W.I. Salary negotiable.
DEVELOPMENT MANAGER: Industrial marketing background. A significant analytical problem solver with bright personality. City. £2,000-£2,500.
INDUSTRIAL PERSONNEL OFFICER: experience of shop floor and clerical recruitment, training and welfare. Midlands. Salary negotiable.
FRENCH MARKETING EXECUTIVE: with P.R. marketing, advertising background. French mother-tongue and free to travel. £2,000-£2,500.
BOOKKEEPER: with typing for small office. W.I. Salary £2,000-£2,500.
SECRETARIES: P.A.'s to College Leavers, dozens of jobs to choose from.
WEST END
17 Stratton Street, W.1. 01-493 5824
CITY
Stone House, 128/140 Bishopsgate, E.C.2. 01-247 1388

SECRETARIES

A Canadian Company with Branch Offices in London has vacancies for well-qualified secretaries. For each Branch we are seeking a Secretary to work for a group of Sales Representatives in bright modern offices. Duties will include administrative work, some interesting floor work and dealing with clients.
Successful applicants will have good secretarial skills, O level English and Maths and be pleasant in voice and manner.
For an early interview, please telephone Miss Wood at Guildford 04435 71255 (evening calls only).

THE IMPERIAL LIFE ASSURANCE COMPANY OF CANADA
WANTED:
4 WALKIE-TALKIE LIVING DOLLS
In the 1930s and 40s and in the 1950s and 60s, the City of London. Plastering uniform, hair, face and hand work. From salary and fringe benefits.
RING: ANDREW. 01-790 7979.

STATE REGISTERED NURSE
Required to operate an old established nursing home. Experience, professional and responsible salary and incentives.
Please write to Box 2488 M, The Times.

P.R. ASSISTANT
Our client, a leading P.R. company in the City, is seeking a P.R. Assistant to work in the City of London. The successful candidate will be responsible for the day-to-day running of the company's P.R. department. Salary £2,500 p.a. plus fringe benefits.
Call 01-790 7979.

GIRL FRIDAY
Friendly girl aged 18+ to work flexible hours in a central London office. She will be responsible for the day-to-day running of the company's P.R. department. Salary £2,500 p.a. plus fringe benefits.
Call 01-790 7979.

£2,500 FOR GOOD WAGES CLERK
Opportunity for a young woman with relevant background to work in a central London office. She will be responsible for the day-to-day running of the company's P.R. department. Salary £2,500 p.a. plus fringe benefits.
Call 01-790 7979.

GET ON WITH THE GIRLS!
Excellent position open to an intelligent young woman looking for a more responsible role, as a P.R. Assistant. She will be responsible for the day-to-day running of the company's P.R. department. Salary £2,500 p.a. plus fringe benefits.
Call 01-790 7979.

RECEPTIONIST/TYPIST
required by busy W.I. personnel consultancy. Small job, well-served girl who likes meeting people. Top salary negotiable.
TELEPHONE 01-437 2068

JUNIOR ASSISTANT LITERARIAN
Architectural practice needs a junior assistant for its library. She will be responsible for the day-to-day running of the company's P.R. department. Salary £2,500 p.a. plus fringe benefits.
Call 01-790 7979.

RESEARCH ASSISTANT (W.I.)
Leading executive search organization requires a research assistant for its London office. She will be responsible for the day-to-day running of the company's P.R. department. Salary £2,500 p.a. plus fringe benefits.
Call 01-790 7979.

CHARTERED PHYSIOTHERAPIST
with personal energy and initiative. Good salary and fringe benefits. Call 01-790 7979.

S.R.N. with experience as interviewee. Good salary and fringe benefits. Call 01-790 7979.

SOCIAL SECRETARY, 25-30, required to help out at top level. Good salary and fringe benefits. Call 01-790 7979.

COMPETENT SECRETARY for part-time in firm of Chartered Surveyors. Good salary and fringe benefits. Call 01-790 7979.

FIN. TYP. SHOP in Kensington needs a responsible young lady to work in the City of London. She will be responsible for the day-to-day running of the company's P.R. department. Salary £2,500 p.a. plus fringe benefits.
Call 01-790 7979.

CAPABLE, CONSCIENTIOUS GIRL
with personal energy and initiative. Good salary and fringe benefits. Call 01-790 7979.

ART GALLERY in Kensington needs a responsible young lady to work in the City of London. She will be responsible for the day-to-day running of the company's P.R. department. Salary £2,500 p.a. plus fringe benefits.
Call 01-790 7979.

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GENERAL

YOUNG LADY

We are seeking a suitable young lady for a commodity trading office in the W.I. area.
This is an interesting post which requires varied experience and will entail an approach for reception, communication, typing, and some secretarial and general commercial office duties.
We require a lady who can exercise initiative and work with a small friendly team in a pleasant modern office with very good working conditions.
Preferred age is 20 to 35 and we offer a salary of £2,400 plus L.V.s and B.U.P.A. Holiday arrangements will be home-ward.
Telephone 01-487 4301 and ask for Paula Waddington

FRIENDLY, CHEERFUL INTERVIEWER

needed to join the team at PATHFINDERS

TOP SALARY
PATHFINDERS BUREAU
32 Maiden Ln. W.1. (01-493 5401)

FILMS-TV-RECORDS AND ADVERTISING

SECRETARY/SHORTHAND-TYPIST

THE MIDDELSEX HOSPITAL MEDICAL SCHOOL, W.1

Responsible Secretary required for Post-graduate Medical School. The post offers interesting and important work in both departmental teaching and research. A 4 weeks' annual holiday, Salary, £2,564 per annum on a scale from £2,314. Please ring 01-436 8333, ext. 7532.

CAREER IN PERSONNEL

Are you looking for a position with a progressive company and opportunity for career advancement? We have a vacancy for a Personnel Officer in a leading company. Salary £2,500 p.a. plus fringe benefits. Call 01-790 7979.

RECEPTIONIST/TELEPHONIST

required for Fine Art Publications. Salary £2,500 p.a. plus fringe benefits. Call 01-790 7979.

INTERVIEWERS

MALE/FEMALE to £2,500 p.a. required for a leading company. Salary £2,500 p.a. plus fringe benefits. Call 01-790 7979.

ART AND PHOTOGRAPHIC STUDIO

needed intelligent, clear thinking, person to assist in the day-to-day running of the studio. Salary £2,500 p.a. plus fringe benefits. Call 01-790 7979.

ADMIN OFFICER IN PERSONNEL

First class vacancy in a leading company. Salary £2,500 p.a. plus fringe benefits. Call 01-790 7979.

EXECUTIVE OFFICER required as Personal Assistant to Deputy Director. Salary £2,500 p.a. plus fringe benefits. Call 01-790 7979.

NATIONAL MEDICAL SOCIETY (S.W.I.) requires young, well-qualified lady for a leading company. Salary £2,500 p.a. plus fringe benefits. Call 01-790 7979.

PART-TIME Market Researcher. Have you at least 2 years' experience in market research? Salary £2,500 p.a. plus fringe benefits. Call 01-790 7979.

MANAGERIAL. We need a top flight manager for a leading company. Salary £2,500 p.a. plus fringe benefits. Call 01-790 7979.

CHIEF CLERK. Opportunity to join a leading company. Salary £2,500 p.a. plus fringe benefits. Call 01-790 7979.

RECEPTIONIST/TELEPHONIST. Good salary and fringe benefits. Call 01-790 7979.

TELEVISION COMPANY W.I.

Wants you to join them as a secretary for the managing director. Salary £2,500 p.a. plus fringe benefits. Call 01-790 7979.

GOOD HOUSEKEEPING EDITOR. Salary £2,500 p.a. plus fringe benefits. Call 01-790 7979.

KNIGHTSBRIDGE. Sales Manager of a leading company. Salary £2,500 p.a. plus fringe benefits. Call 01-790 7979.

SECRETARY for Director of European R.O. of American company. Salary £2,500 p.a. plus fringe benefits. Call 01-790 7979.

CITY BANKERS close to Liverpool Street Station are currently seeking a secretary. Salary £2,500 p.a. plus fringe benefits. Call 01-790 7979.

MEDICAL SECRETARIES. Temporary and permanent. Salary £2,500 p.a. plus fringe benefits. Call 01-790 7979.

BETTER DEAL FOR TEMP. Best rates, best jobs. Call 01-790 7979.

TUESDAY TEASER. Are you 25+ do you enjoy meeting people, dealing with the public? Salary £2,500 p.a. plus fringe benefits. Call 01-790 7979.

ROOM AT THE TOP. Two secretaries are required for a leading company. Salary £2,500 p.a. plus fringe benefits. Call 01-790 7979.

SECRETARIAL

SECRETARY TO SENIOR PARTNER

CITY E.C.4. £2,450-£2,750
WELL ESTABLISHED PROFESSIONAL FIRM
We are looking for a well groomed Secretary aged 24-30, with previous City experience either legal merchant bank or stockbroker who has good educational background and secretarial training, and is able to deal with clients and colleagues at all levels.
She will deal with all aspects of secretarial work and should have a good telephone manner and speeds 120/60 plus. Hours 9.30 to 5.30 but should be willing to stay later if required. 30p L.V.s per day.
Applications will be forwarded unopened to our clients.
Please address to: Ref. SSP259/TT. Campbell-Johnston Recruitment Advertising Ltd., 35 New Broad Street, London EC2M 1NH

THE LONDON CLINIC.

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DEPUTY DEPARTMENTAL SECRETARY

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